



ConocoPhillips Company
6825 South 5300 West
P.O. Box 851
Price, UT 84501

December 30, 2005

Ms. Diana Whitney
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
SLC, Utah 84114-5801

RE: Application for Permit to Drill: Utah 26-1198, Utah 13-1169, Utah 24-1189, Utah 11-1159, Utah 11-1158, Utah 11-1157, Utah 26-1197, Utah 2-1264, Utah 9-1237, Utah 4-1267

Dear Ms. Whitney:

Please find enclosed an *Application for Permit to Drill* (APD) for the following wells:

Utah 26-1198, Utah 13-1169, Utah 24-1189, Utah 11-1159, Utah 11-1158, Utah 11-1157, Utah 26-1197, Utah 2-1264, Utah 9-1237, and Utah 4-1267.

Please accept this letter as ConocoPhillips' written request for confidential treatment of all information contained in and pertaining to this permit application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact me if you have any questions.

Sincerely,

Jean Semborski
Construction/Asset Integrity Supervisor

cc: Mr. Eric Jones, BLM, Moab, Utah
Mr. John Albert, Chevron
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Debbie Marberry, ConocoPhillips
Mr. Kile Thompson, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
Mr. Ed Bonner, SITLA
ConocoPhillips Well File

RECEIVED

JAN 05 2006

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

| | | | | |
|--|--|--|---|--|
| APPLICATION FOR PERMIT TO DRILL | | | 5. MINERAL LEASE NO: ML- 48235 | 6. SURFACE: State |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | 8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X | |
| 2. NAME OF OPERATOR: ConocoPhillips Company | | | 9. WELL NAME and NUMBER: Utah 26-1197 | |
| 3. ADDRESS OF OPERATOR: P.O. Box 851 CITY Price STATE UT ZIP 84501 | | | PHONE NUMBER: (435) 613-9777 | 10. FIELD AND POOL, OR WILDCAT: Drunkards Wash |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 215' FNL, 919' FWL AT PROPOSED PRODUCING ZONE: Same as Surface | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 26 15S 9E | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6.8 miles southwest of Price, Utah | | | 12. COUNTY: Carbon | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 919 feet | | 16. NUMBER OF ACRES IN LEASE: 600 acres | | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1300 feet | | 19. PROPOSED DEPTH: 2,710 | | 20. BOND DESCRIPTION: Rotary |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5991.1' GR | | 22. APPROXIMATE DATE WORK WILL START: 2/1/2005 | | 23. ESTIMATED DURATION: |

| 24. PROPOSED CASING AND CEMENTING PROGRAM | | | | | |
|---|---|------|-----------|---------------|---|
| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | | | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT |
| 15" | 12 3/4" | H 40 | 40.5 #/FT | 40 | |
| 11" | 8 5/8" | J-55 | 24#/ft | 400 | 170 sks G+2% CaCl 1.18 cu.ft./sk 15.6 ppg |
| 7 7/8" | 5 1/2" | N-80 | 17#/ft | 2,700 | 110sks Std Cement+ 10% CalSeal 1.61 cu.ft./sk 14.2 ppg |
| | | | | | 200sks 50/50 POZ+8 % Bent+10% Cal Seal 1/4# /sk 2.5 ppg |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | | |
|--|---|--------------|
| 25. ATTACHMENTS | | CONFIDENTIAL |
| VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES: | | |
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> COMPLETE DRILLING PLAN <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER | |

NAME (PLEASE PRINT) Jean Semborski TITLE Construction/Asset Integrity Supervisor

SIGNATURE *Jean Semborski* DATE 12/29/05

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31108

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:
Date: 03-01-06
By: *[Signature]*
(See Instructions on Reverse Side)

RECEIVED

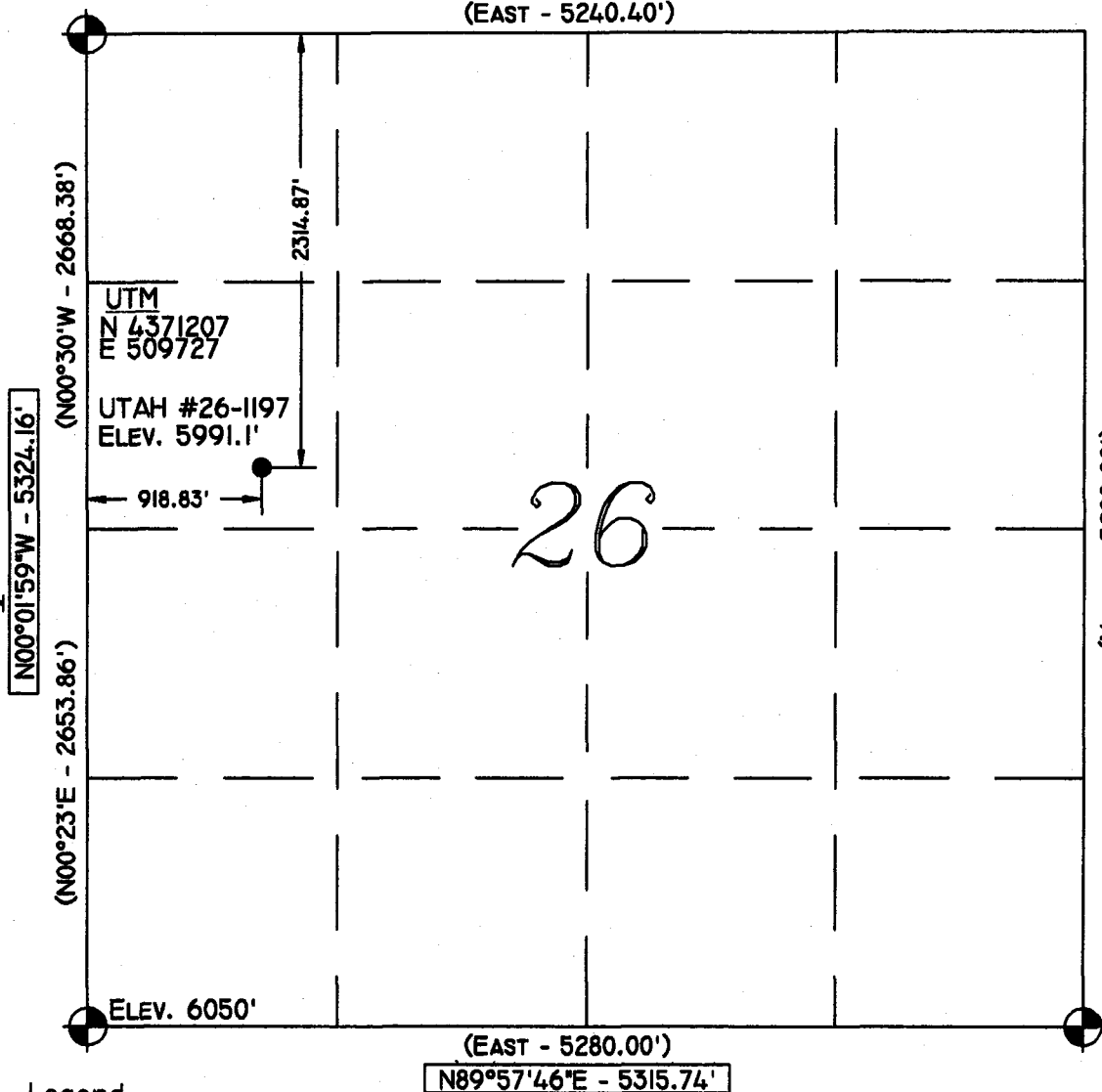
JAN 05 2006

DIV. OF OIL, GAS & MINING

Township 15 South

Range 9 East

(EAST - 5240.40')



Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°29'32.278"N
110°53'12.779"W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

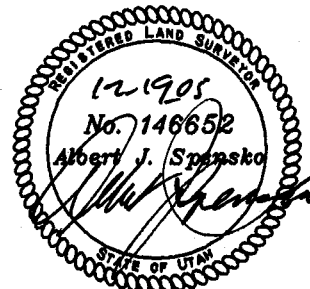
Basis of Elevation of 6050' being at the Southwest Section Corner of Section 26, Township 15 South, Range 9 East, Salt Lake Base and Meridian, as shown on the Poison Spring Bench Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 NW/4 of Section 26, T15S, R9E, S.L.B.&M., being 2314.87' South and 918.83' East from the Northwest Section Corner of Section 26, T15S, R9E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@otr.net

ConocoPhillips Company

WELL UTAH #26-1197
Section 26, T15S, R9E, S.L.B.&M.
Carbon County, Utah

| | |
|---------------------------|------------------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J./A.J.S. |
| Drawing No. A-1 | Date: 12/19/05 |
| | Scale: 1" = 1000' |
| Sheet 1 of 4 | Job No. 2128 |

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips Company
Utah 26-1197
SW/4, NW/4, Sec.26, T15S, R9E, SLB & M
2315' FNL, 919' FWL
Carbon County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 2196'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 2228' - 2344'

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits.

All indications of usable water will be reported.

Surface casing will be tested to 500 psi and Production casing tested to 1500 psi with a minimum of 1 psi/ft of the last casing string depth

4. The Proposed Casing and Cementing Programs

| Hole Size | Casing Size | Wt/Ft | Grade | Joint | Depth set |
|-----------|-------------|-------|-------|-------|---------------|
| 14 3/4" | 12 3/4" | 40.5 | H-40 | ST&C | 0-50' |
| 11" | 8 5/8" | 24.0 | J-55 | ST&C | 0-400' |
| 7 7/8" | 5 1/2" | 17.0 | N-80 | LT&C | <u>0-2700</u> |

Cementing Program

The 8 5/8" surface casing will be set with approximately 170 sacks Class G or Type V cement with 2% CaCl₂ mixed at 15.6 ppg (yield = 1.18 ft³/sx). The cement will be circulated back to surface with 100% excess.

The 5 1/2" production casing will be set and cemented using a two stage cementing process. This entails setting casing to total TD and running a DV tool to approximately 300' of the top of the Ferron.

The 1st Stage of cement will then be pumped to approximately 50' from the DV tool. After cement is pumped, the cement cap will be removed and a wiper plug installed. The cement cap will then be screwed back on and a wiper plug will be displaced to TD. The cement cap will be removed and the DV tool bomb will be dropped followed by the 2nd Stage wiper plug. (This is done to open the DV tool and establish circulation.) Once circulation is established, circulation will continue at approximately 1 bpm for 4 hours while waiting on cement (WOC). WOC at a minimum of 4 hours before beginning 2nd stage cement job. After the 2nd Stage has been pumped, a top wiper plug will be dropped and displaced with water (or water spacer and mud). Shut in well and WOC.

The 5 1/2" production casing will be set with approximately 110 sacks of Standard Cement, 10% Cal Seal 60 (accelerator), 1% Calcium Chloride (accelerator), 1/4 lbm/sk Flocele (lost circulation additive) with a yield of 1.61 ft³/sx at 14.2 ppg; calculated with an excess of 35% for the 1st Stage. For the 2nd stage, approximately 200 sx of 50/50 POZ Premium cement, 8% Bentonite (light weight additive), 10% Cal Seal 60 (accelerator), 1/4 lbm/sk Flocele (lost circulation additive) with a yield of 1.98 ft³/sx at 12.5 ppg; calculated with an excess of 30% for the 2nd Stage.

The above cement volumes are approximate and are calculated under the assumption that a gauge hole will be achieved. If the cement does not return to surface, a cement bond log will be run to determine the top of cement. In the case where the cement is below the surface casing shoe, the casing will be perforated and squeeze cemented to the surface. If the cement is above the surface casing shoe, cement will be one-inched to the surface.

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOPE will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

| | | |
|--------|-------------|--|
| 0-400 | 11" hole | Drill with air, will mud-up if necessary. |
| 400-TD | 7 7/8" hole | Drill with air, will mud-up if necessary. 400 psi @ 1400-1600 cfm |

7. The Testing, Logging and Coring Programs are as followed

400-TD Gamma Ray, Neutron Porosity, CBL

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is about 1191 psi max., however due to offset production pressures may be much lower. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled around February 1, 2006

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

SURFACE USE PLAN

Attached to Form 3
ConocoPhillips Company
Utah 26-1197
SW/4, NW/4, Sec.26, T15S, R9E, SLB & M
2315' FNL, 919' FWL
Carbon County, Utah

1. Existing Roads

- a. We do not plan to change, alter or improve upon any existing state or county roads.
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 1,050' of new access is required (Refer to Drawing L-1)

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 10%
- c. Turnouts: None
- d. Drainage design: 3 culverts may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and power lines will follow the proposed access road.

3. Location of Existing Wells

- a. Refer to Drawing L-1.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will be as shown on Exhibit "H". Buried powerlines run along access on the east and north, gathering lines on the south or west.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be purchased from the Price River Water Improvement District (a local source of municipal water) (tel. 435-637-6350).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. As the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from the pit and the pit back-filled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of one trailer to be located on the drill site.

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of mud tanks, reserve and berm pits, and soil stockpiles will be located as shown on the attachments.
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the pit. The pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Drawing A-2 and L-1.
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

11. Surface Ownership:

- a. The wellsite and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration. The operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 3 Miles Northeast.
- b. Nearest live water is the Miller Creek located 1 mile North.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. Company Representative

Jean Semborski
Construction/Asset Integrity Supervisor
ConocoPhillips Company
P.O. Box 851
6825 South 5300 West
Price, Utah 84501
(435) 613-9777
(435) 820-9807

Mail Approved A.P.D. To:

Company Representative

Excavation Contractor

Larry Jensen, Vice President
Nelco Contractors Inc.
Vice President
(435) 637-3495
(435) 636-5268

14. Certification

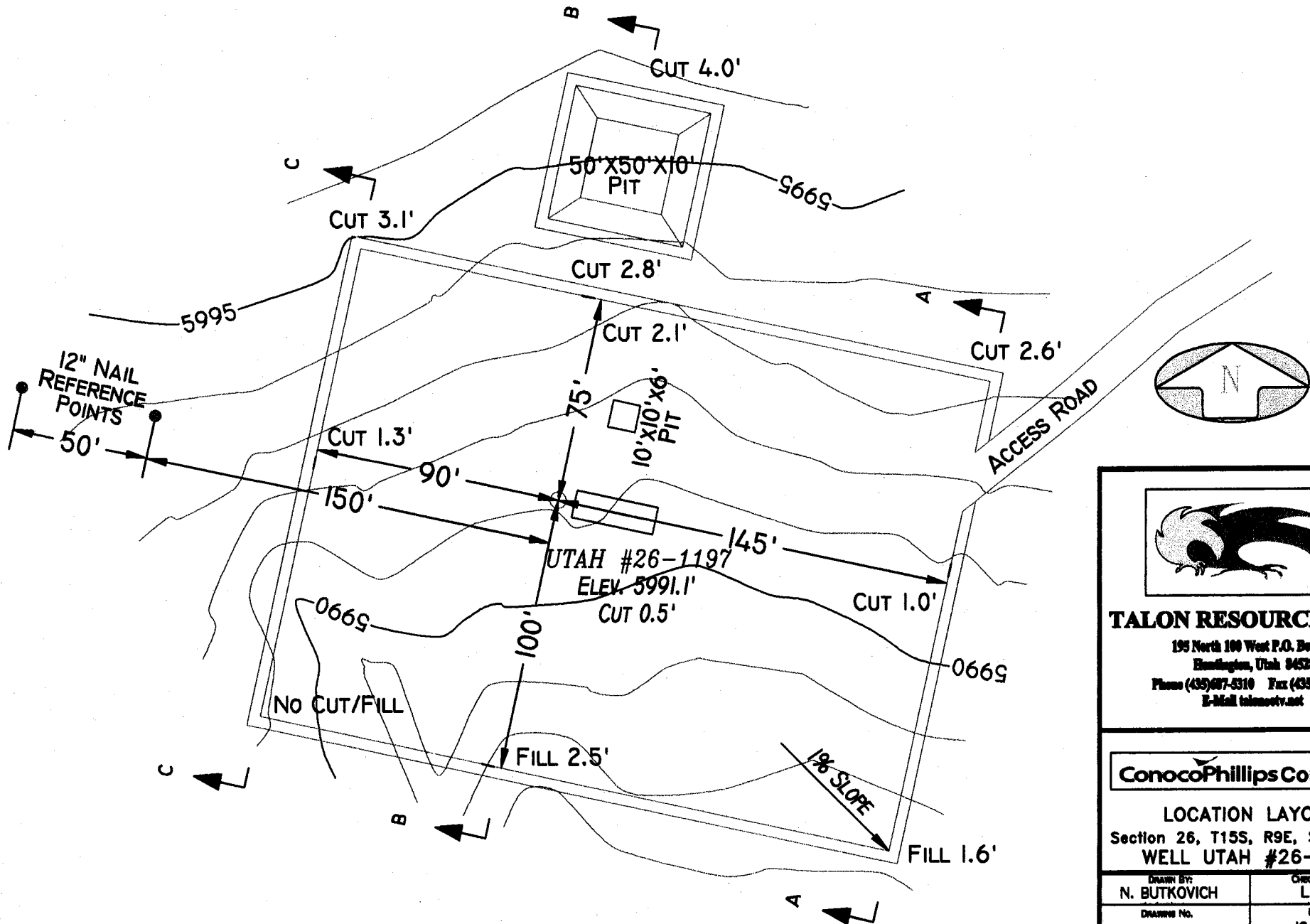
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by ConocoPhillips Company and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

1/13/06
Date



Jean Semborski
Construction/Asset Integrity Supervisor
ConocoPhillips Company

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 5991.1'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 5990.6'



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435) 687-5310 Fax (435) 687-5311
 E-Mail taloncorp.net

ConocoPhillips Company

LOCATION LAYOUT
 Section 26, T15S, R9E, S.L.B.&M.
 WELL UTAH #26-1197

DRAWN BY:
 N. BUTKOVICH

CHECKED BY:
 L.W.J.

DRAWING NO.

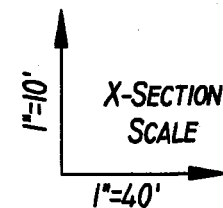
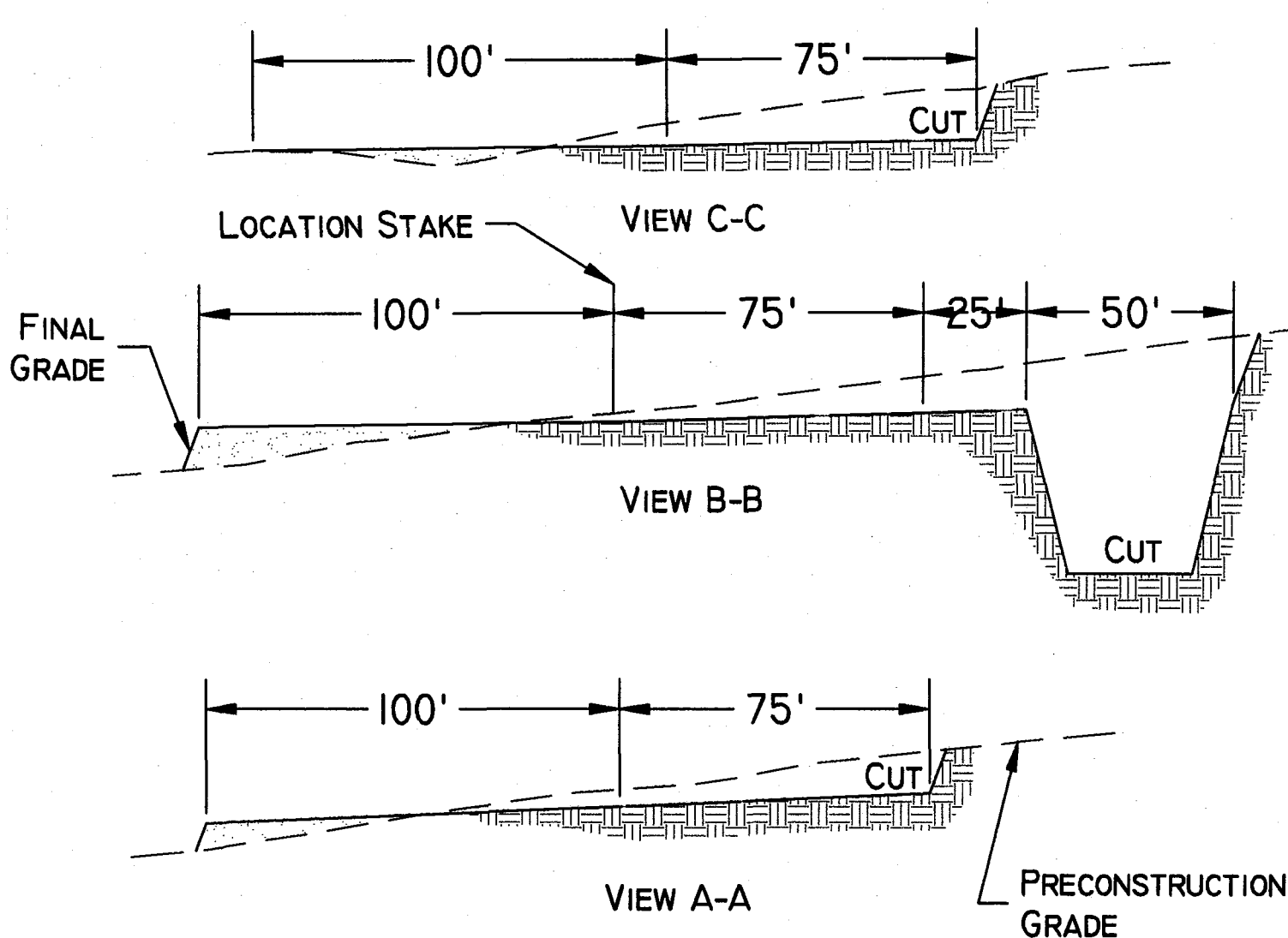
DATE:
 12/15/05

A-2

SCALE:
 1" = 50'

SHEET 2 OF 4

JOB NO.
 2128



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84520

Phone (435) 687-5310 Fax (435) 687-5311
E-Mail talonres@comcast.net

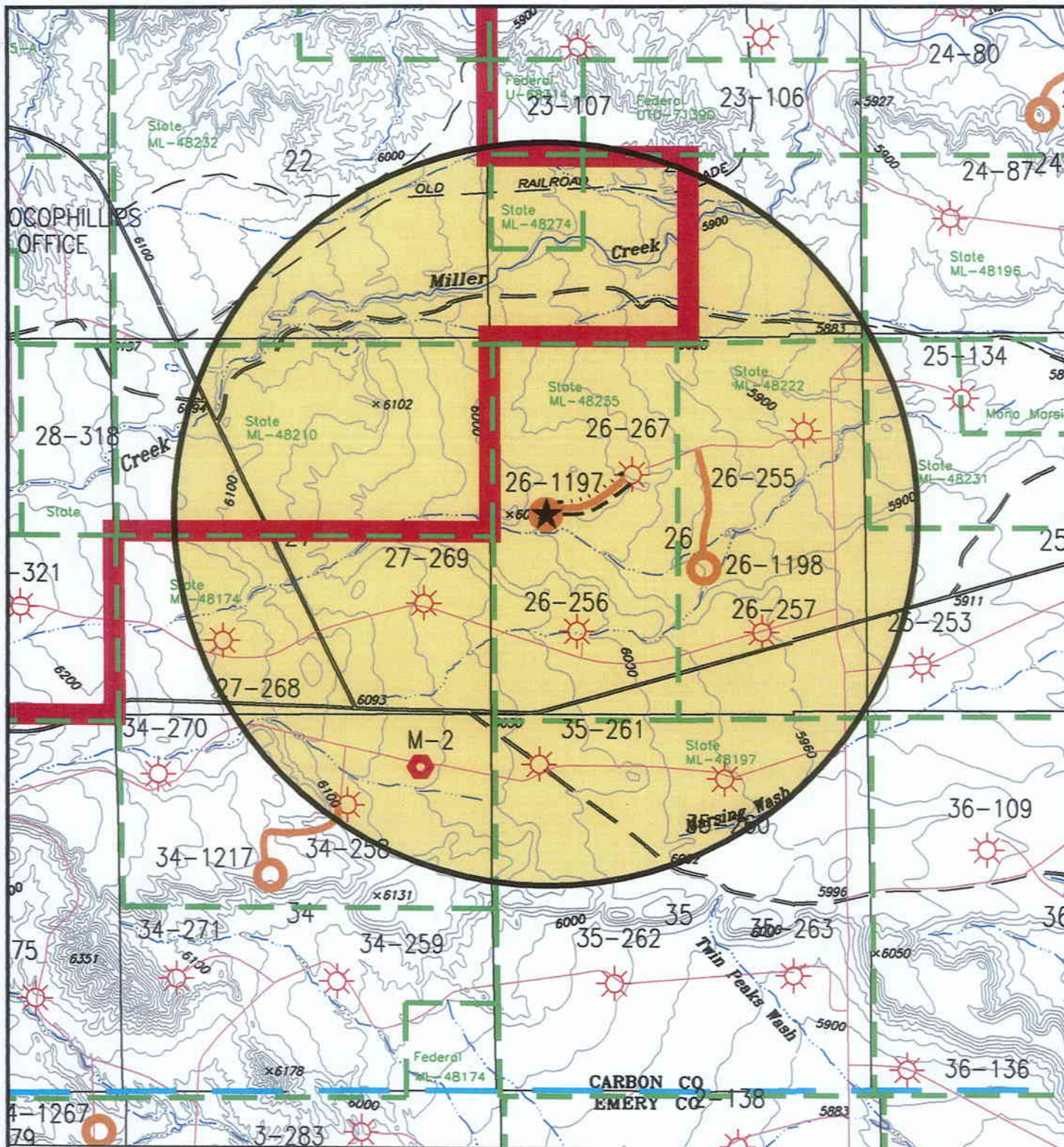
ConocoPhillips Company

TYPICAL CROSS SECTION
Section 26, T15S, R9E, S.L.B.&M.
WELL UTAH #26-1197

| | |
|---------------------------|-----------------------|
| DRAWN BY: N. BUTKOVICH | CHECKED BY: L.W.J. |
| DRAWING No. C-1 | DATE: 12/15/05 |
| | SCALE: 1" = 40' |
| SHEET 3 of 4 | JOB No. 2128 |

APPROXIMATE YARDAGES

CUT
(6") TOPSOIL STRIPPING = 810 CU. YDS.
REMAINING LOCATION = 2,305 CU. YDS.
(INCLUDING TOPSOIL STRIPPING)
TOTAL CUT (INCLUDING PIT) = 3,055 CU. YDS.
TOTAL FILL = 615 CU. YDS.



LEGEND

Proposed Well Location:
 Other Proposed Well Locations:
 Proposed Powerline:
 Proposed Pipeline:
 Proposed Roads:
 Lease Boundary:
 Existing Wells:



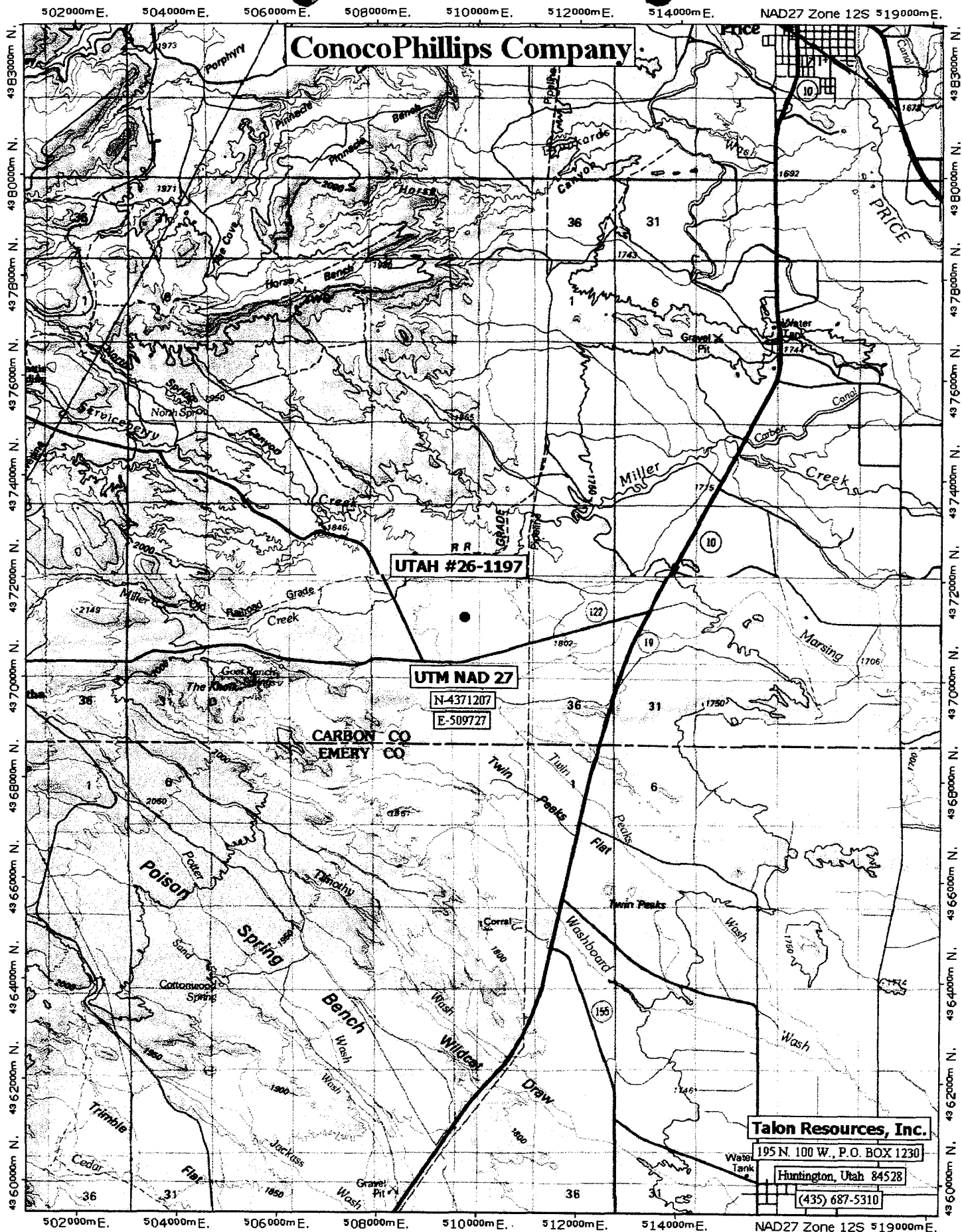
Scale: 1" = 2000'

December 15, 2005

ConocoPhillips Company
 6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782

**ConocoPhillips
 Company**

WELL UTAH #26-1197
Section 26, T15S, R9E, S.L.B.&M.
Drawing L-1 4 of 4



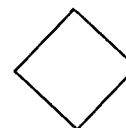
APPROXIMATE LAYOUT OF RIG & EQUIPMENT



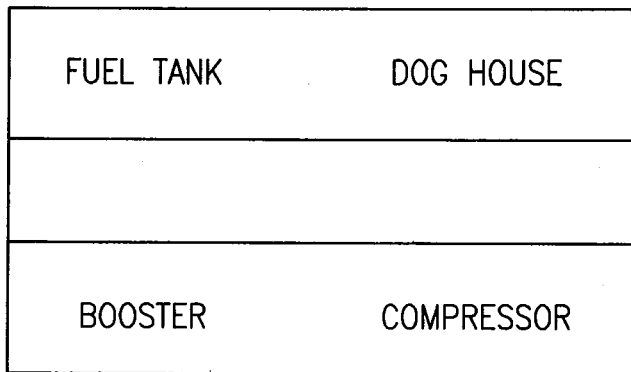
40'



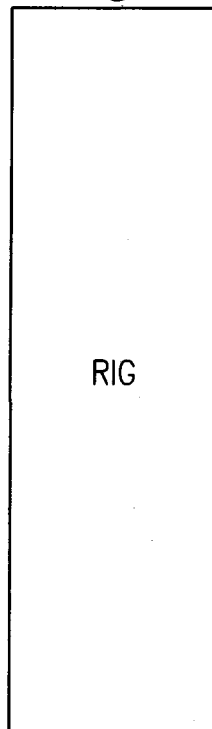
LIGHT
PLANT



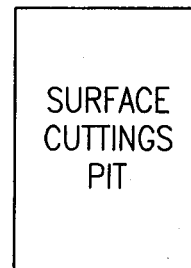
40'



HOLE
○

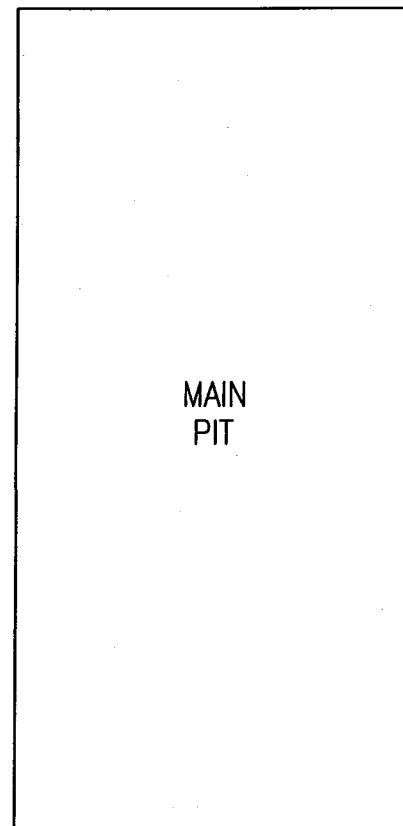


8'



20'

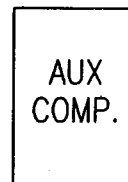
MAIN
PIT



BOOSTER

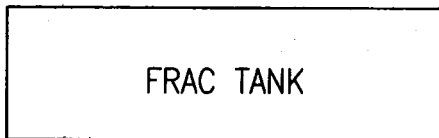
COMPRESSOR

AUX
COMP.



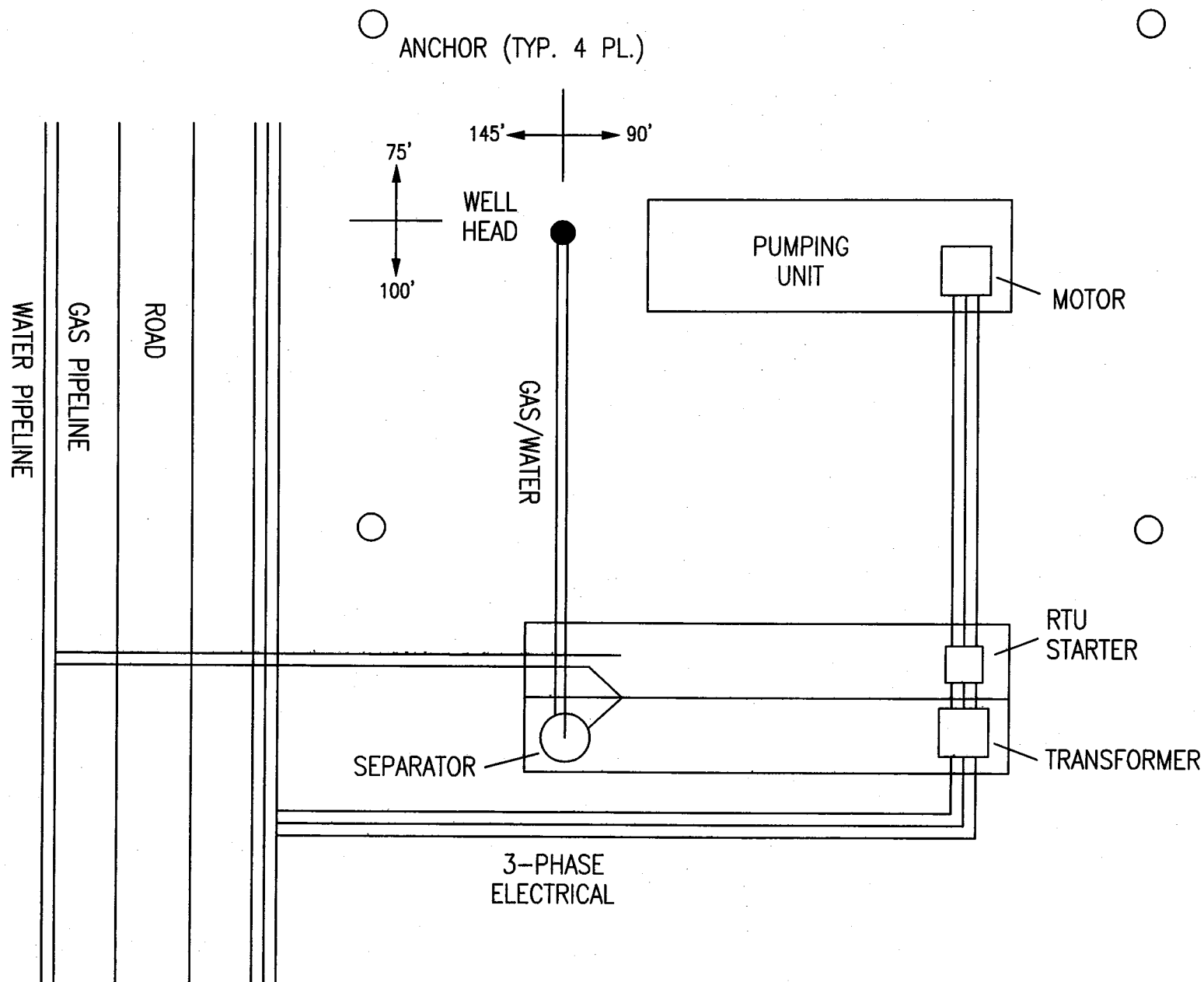
45'

FRAC TANK

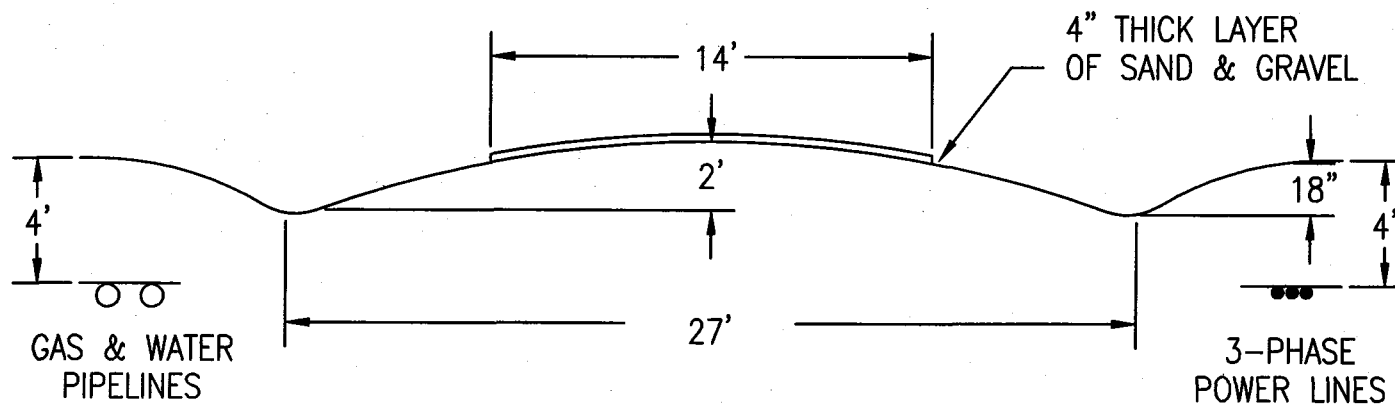


CONOCOPHILLIPS COMPANY

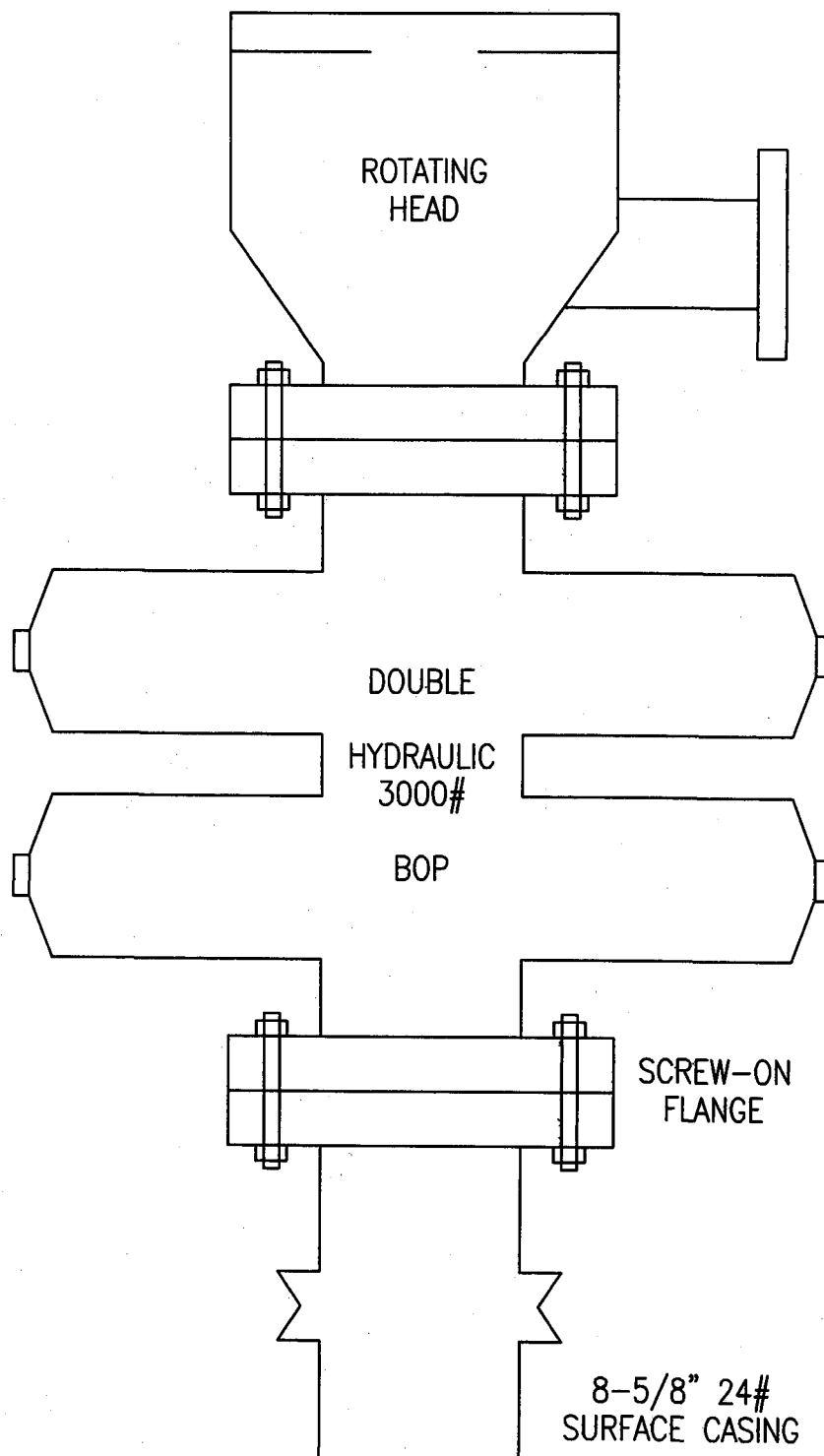
WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION
CONOCOPHILLIPS COMPANY



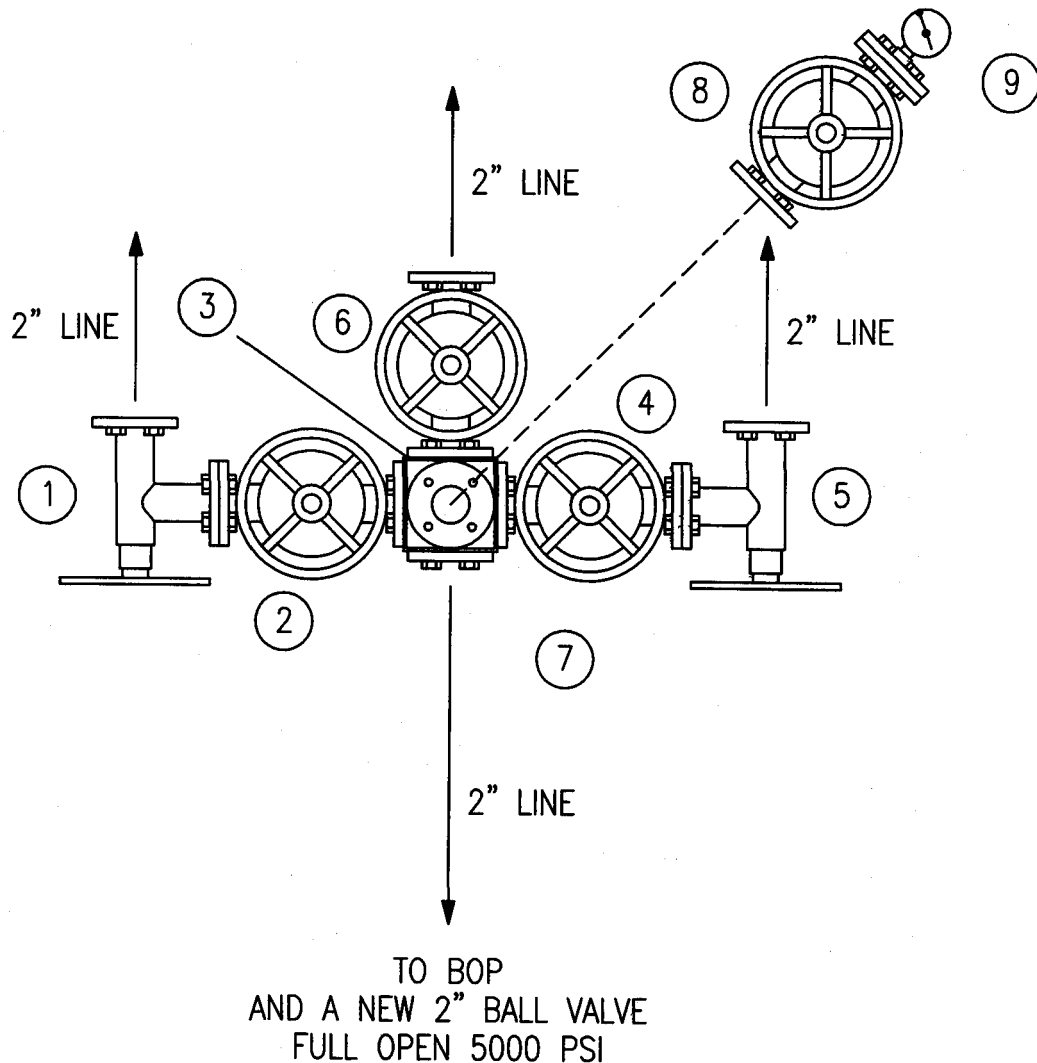
DIVERTER HEAD
CONOCOPHILLIPS COMPANY



CONOCOPHILLIPS COMPANY

- (1) 2" 5M FLANGED CHOKE
- (2) 2" 5M GATE VALVE (FLANGED)
- (3) 2" 5M STUDDED CROSS
- (4) 2" 5M GATE VALVE (FLANGED)
- (5) 2" 5M FLANGED CHOKE
- (6) 2" 5M GATE VALVE (FLANGED)
- (7) 2" LINE
- (8) 2" 5M GATE VALVE (FLANGED)
- (9) 3000# GAUGE

NOTE:
NUMBER 8 GATE VALVE SITS ON TOP OF MANIFOLD BETWEEN STUDDED CROSS AND 3000# GAUGE.



MANIFOLD

Bond No. 6196922

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) CONOCOPHILLIPS COMPANY
and _____ as Principal,

(surety name) SAFECO INSURANCE COMPANY OF AMERICA
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

EIGHTY THOUSAND AND NO/100***** dollars (\$ 80,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

X Blanket Bond: To cover all wells drilled in the State of Utah

____ Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

30th day of Dec, 20 02

(Corporate or Notary Seal here)
Attestee: [Signature] Date: 12-30-02

CONOCOPHILLIPS COMPANY
Principal (company name)
By James F. Hughes Title Corporate Insurance Manager
Name (print) Signature
James F. Hughes

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

1ST day of JANUARY, 20 03

(Corporate or Notary Seal here)
Carolyn E. Wheeler
Attestee: [Signature] Date: 12/20/2002

CAROLYN E. WHEELER
NOTARY PUBLIC
MY COMMISSION EXPIRES: NOVEMBER 1, 2006
(5/2002)

SAFECO INSURANCE COMPANY OF AMERICA
Surety Company (Attach Power of Attorney)
By JINA MARIE FOSTER Title ATTORNEY-IN-FACT
Name (print) Signature
Jina Marie Foster
C/O MARSH USA INC
Surety Mailing Address
P.O. BOX 36012 KNOXVILLE TN 37930-6012
City State Zip

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/05/2006

API NO. ASSIGNED: 43-007-31108

WELL NAME: UTAH 26-1197

OPERATOR: CONOCOPHILLIPS COMPANY (N2335)

CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SWNW 26 150S 090E

SURFACE: 2315 FNL 0919 FWL

BOTTOM: 2315 FNL 0919 FWL

CARBON

DRUNKARDS WASH (48)

LAT: 39.49236

LONG: -110.8868

INSPECT LOCATN BY: / /

| Tech Review | Initials | Date |
|-------------|----------|--------|
| Engineering | DKD | 2/6/06 |
| Geology | | |
| Surface | | |

LEASE TYPE: 3 - State

LEASE NUMBER: ML-48235

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 6196922)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. PRWID)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.
Unit DRUNKARDS WASH
____ R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
____ R649-3-3. Exception
☒ Drilling Unit
Board Cause No: 243-2
Eff Date: 7-13-1999
Siting: 460' fr Wbdr, uncomm. tract
____ R649-3-11. Directional Drill

COMMENTS:

Needs Permit (01-18-06)

STIPULATIONS:

1- STATEMENT OF BASIS

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 26-1197
API NUMBER: 43-007-31108
LOCATION: 1/4,1/4 SWNW Sec:26 TWP: 15 S RNG: 9 E 2315 FNL 919 FWL

Geology/Ground Water:

A well at this location will spud into a thin soil developed on Quaternary Slope Wash covering the Cretaceous age Blue Gate Member of the Mancos Shale. There are no aquifers with high quality ground water that are likely to be encountered. The proposed casing and cement program will adequately isolate any zones of water penetrated. There are no water rights filed on underground sources of water within a mile of this location.

Reviewer: Christopher J. Kierst **Date:** 1/31/06

Surface:

Proposed location is ~7 miles south of Price, Utah. The current surface use of the immediate area surrounding the proposed well is grazing and wildlife habitat. Access to this well will be along existing ConocoPhillips gas field roads and County maintained roads. Approximately 1050' of new access road will be built for this location. The direct area drains to the northeast, towards Miller Creek, then eastward eventually into the Price River, a year-round live water source. This is a trial with "infield" drilling within the unit boundaries. 18 producing, shut-in, SWD, and/or PA wells are within a 1-mile radius of the above proposed well. Location layout, current surface status and characteristics, planned disturbances, access and utility route, and the reserve pit characteristics were all discussed. Jim Davis (SITLA), Gilbert Vasquez (ConocoPhillips), and Larry Jensen (NELCO) were in attendance. DWR and Carbon County were also invited but chose not to attend.

Reviewer: Mark L. Jones **Date:** January 19, 2006

Conditions of Approval/Application for Permit to Drill:

None.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 26-1197
API NUMBER: 43-007-31108
LEASE: State **FIELD/UNIT:** Drunkards Wash UTU-67921X
LOCATION: 1/4, 1/4 SWNW **Sec:** 26 **TWP:** 15S **RNG:** 9E 2315 **FNL** 919 **FWL**
LEGAL WELL SITING: 460' from unit boundary and uncommitted tracts.
GPS COORD (UTM): X =509724 E; Y =4371219 N **SURFACE OWNER:** SITLA.

PARTICIPANTS

M. Jones (DOGM), Jim Davis (SITLA), Gilbert Vasquez (ConocoPhillips), and Larry Jensen (NELCO) were in attendance. DWR and Carbon County were also invited but chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~7 miles south of Price, Utah. The current surface use of the immediate area surrounding the proposed well is grazing and wildlife habitat. Access to this well will be along existing ConocoPhillips gas field roads and County maintained roads. Approximately 1050' of new access road will be built for this location. The direct area drains to the northeast, towards Miller Creek, then eastward eventually into the Price River, a year-round live water source.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 175' x 235' w/ 50' x 50' x 10' (excluded) pit.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 18 producing, shut-in, SWD, and/or PA wells are within a 1-mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): No.

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill.

Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit and eventually injected into the Navajo Sandstone via a salt-water disposal well. Used oil from drilling operations and support is hauled to a used oil recycler and reused.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes run throughout the immediate area.

FLORA/FAUNA: Sage, greasewood, cactus, 4-wing salt brush, grasses, etc.

SOIL TYPE AND CHARACTERISTICS: Clay loam.

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen, 50'x50'x10', exterior to location.

LINER REQUIREMENTS (Site Ranking Form attached): None required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: With SITLA lease.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed by SencoPheonix.

OTHER OBSERVATIONS/COMMENTS

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

January 18, 2006 / 10:00 am
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

| <u>Site-Specific Factors</u> | <u>Ranking</u> | <u>Site Ranking</u> |
|---|----------------|---------------------|
| Distance to Groundwater (feet) | | |
| >200 | 0 | |
| 100 to 200 | 5 | |
| 75 to 100 | 10 | |
| 25 to 75 | 15 | |
| <25 or recharge area | 20 | <u>0</u> |
| Distance to Surf. Water (feet) | | |
| >1000 | 0 | |
| 300 to 1000 | 2 | |
| 200 to 300 | 10 | |
| 100 to 200 | 15 | |
| < 100 | 20 | <u>0</u> |
| Distance to Nearest Municipal Well (feet) | | |
| >5280 | 0 | |
| 1320 to 5280 | 5 | |
| 500 to 1320 | 10 | |
| <500 | 20 | <u>0</u> |
| Distance to Other Wells (feet) | | |
| >1320 | 0 | |
| 300 to 1320 | 10 | |
| <300 | 20 | <u>0</u> |
| Native Soil Type | | |
| Low permeability | 0 | |
| Mod. permeability | 10 | |
| High permeability | 20 | <u>0</u> |
| Fluid Type | | |
| Air/mist | 0 | |
| Fresh Water | 5 | |
| TDS >5000 and <10000 | 10 | |
| TDS >10000 or Oil Base Mud Fluid | 15 | |
| containing significant levels of hazardous constituents | 20 | <u>0</u> |
| Drill Cuttings | | |
| Normal Rock | 0 | |
| Salt or detrimental | 10 | <u>0</u> |
| Annual Precipitation (inches) | | |
| <10 | 0 | |
| 10 to 20 | 5 | |
| >20 | 10 | <u>5</u> |
| Affected Populations | | |
| <10 | 0 | |
| 10 to 30 | 6 | |
| 30 to 50 | 8 | |
| >50 | 10 | <u>0</u> |
| Presence of Nearby Utility Conduits | | |
| Not Present | 0 | |
| Unknown | 10 | |
| Present | 15 | <u>0</u> |

Final Score 5 (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.







State Online Services

Agency List

Business.utah.gov

Search Utah.gov

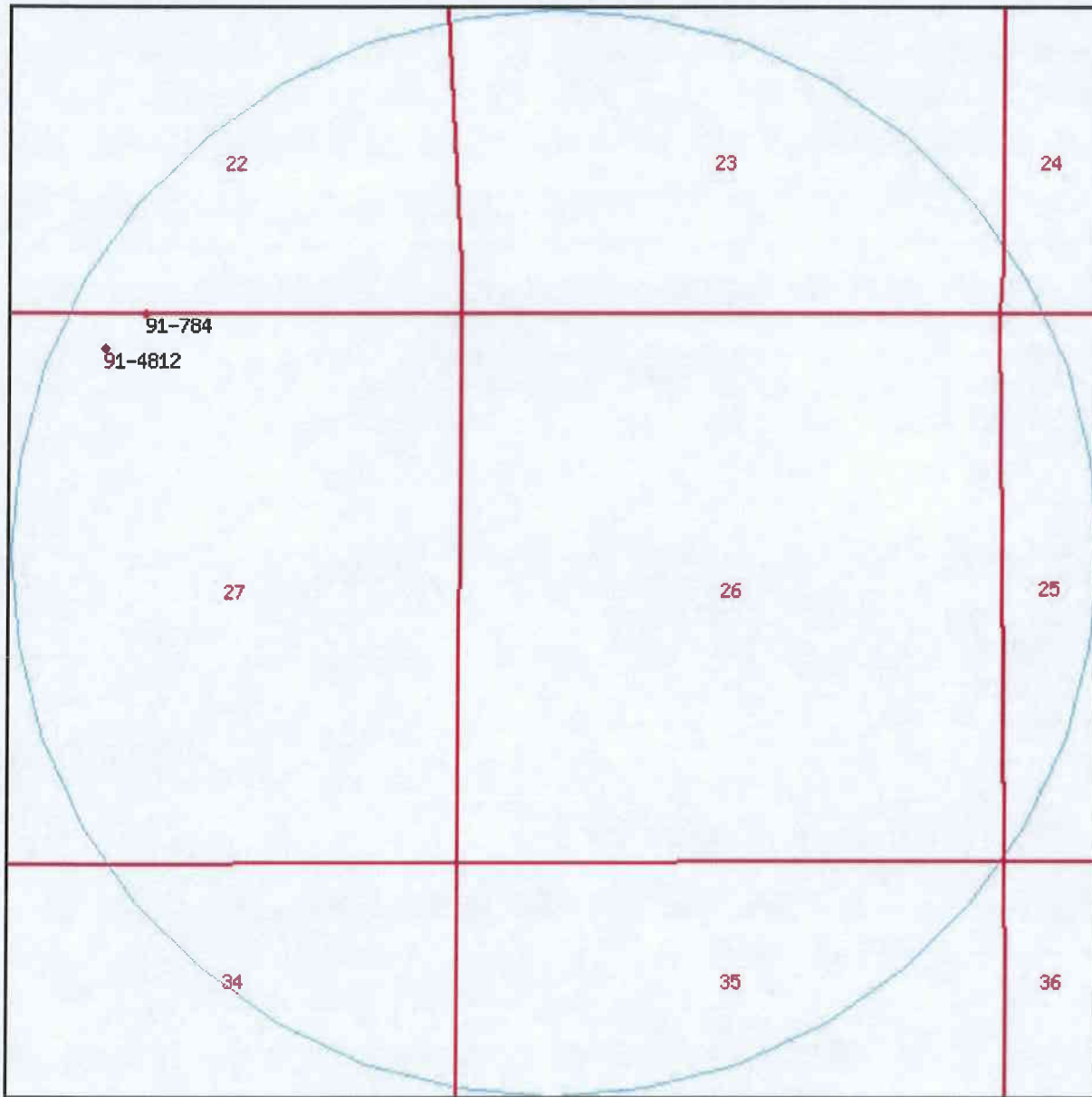
GO

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 02/01/2006 09:47 AM

Radius search of 5280 feet from a point S2315 E919 from the NW corner, section 26, Township 15S, Range 9E, SL b&m Criteria:wrtypes=W,C,E
podtypes=S,U,D,Sp,P status=U,A,P usetypes=all



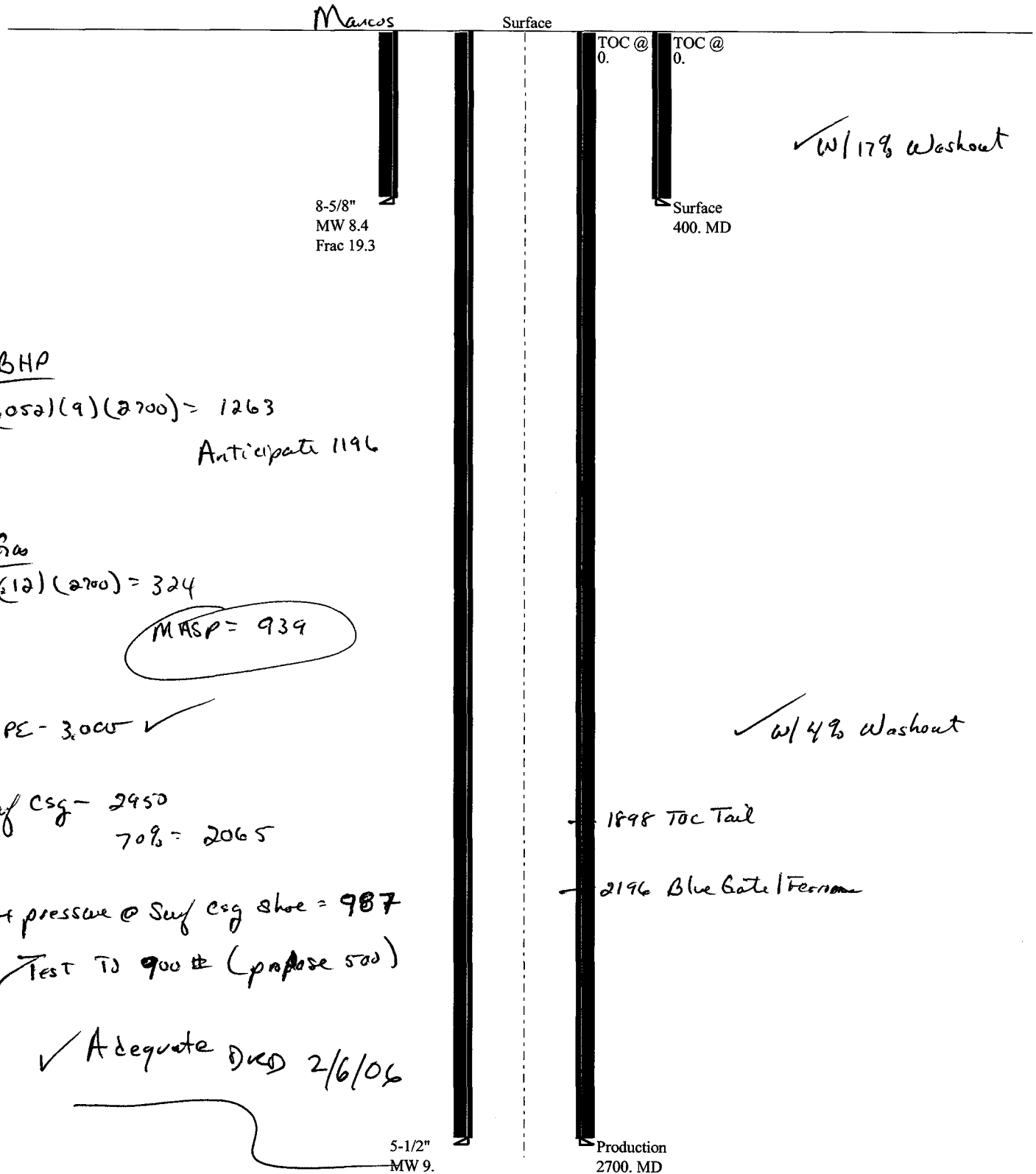
0 700 1400 2100 2800 ft

Water Rights

| WR Number | Diversion Type/Location | Well Log | Status | Priority | Uses | CFS | ACFT | Owner Name |
|----------------|--|-------------|--------|----------|------|-------|----------|---|
| <u>91-4</u> | Surface N20 W390 S4 22 15S 9E SL | | P | 19120130 | IS | 3.500 | 0.000 | FRANK H. FEICHKO 871 EAST 6370 SOUTH |
| <u>91-4812</u> | Surface S300 E1885 NW 27 15S 9E SL | | U | 19900307 | DIS | 0.000 | 1000.000 | FRANK H. SR. & CAROL L. FEICHKO P.O. BOX 1436 |
| <u>91-4814</u> | Surface N20 W380 S4 22 15S 9E SL | | P | 19000000 | I | 0.200 | 0.000 | FRANK H. AND CAROL L. FEICHKO P.O. BOX 458 |
| <u>91-56</u> | Surface N20 W390 S4 22 15S 9E SL | | P | 19170410 | I | 2.200 | 0.000 | FRANK H. FEICHKO 871 EAST 6370 SOUTH |
| <u>91-784</u> | Surface N20 W380 S4 22 15S 9E SL | | P | 19000000 | IS | 0.300 | 0.000 | ORSON MARSING ROUTE #1 |

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

02-06 ConocoPhillips Utah 201197
Casing Schematic



| | | |
|--------------|--|-----------------------------|
| Well name: | 02-06 ConocoPhillips Utah 26-1197 | |
| Operator: | ConocoPhillips Company | |
| String type: | Surface | Project ID: 43-007-31108 |
| Location: | Carbon County | |

Design parameters:
Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 71 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: 0 ft

Burst

Max anticipated surface pressure: 352 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 400 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 350 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 2,700 ft
Next mud weight: 9.000 ppg
Next setting BHP: 1,262 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 400 ft
Injection pressure 400 psi

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|---------|---------------------|-----------|-------------------------|-------|------------|----------------------|---------------------|---------------------|-------------------------|
| 1 | 400 | 8.625 | 24.00 | J-55 | ST&C | 400 | 400 | 7.972 | 19.3 |

| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
|---------|---------------------|-------------------------|------------------------|------------------|----------------------|---------------------|---------------------|-------------------------|-----------------------|
| 1 | 175 | 1370 | 7.849 | 400 | 2950 | 7.37 | 8 | 244 | 29.08 J |

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280
FAX: 801-359-3940

Date: February 2, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 400 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

| | | |
|--------------|--|-----------------------------|
| Well name: | 02-06 ConocoPhillips Utah 26-1197 | |
| Operator: | ConocoPhillips Company | |
| String type: | Production | Project ID: 43-007-31108 |
| Location: | Carbon County | |

Design parameters:
Collapse

Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 103 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 938 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,262 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 2,331 ft

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-------------------------|
| 1 | 2700 | 5.5 | 17.00 | N-80 | LT&C | 2700 | 2700 | 4.767 | 93 |
| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
| 1 | 1262 | 6290 | 4.983 | 1262 | 7740 | 6.13 | 40 | 348 | 8.78 J |

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280
FAX: 810-359-3940

Date: February 2, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2700 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



ConocoPhillips Company
6825 South 5300 West
P.O. Box 851
Price, UT 84501

January 17, 2006

Ms. Diana Whitney
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
SLC, Utah 84114-5801

RE: Revised Application for Permit to Drill: Utah 26-1197

Dear Ms. Whitney:

Please find enclosed a revised *Application for Permit to Drill (APD)* for the Utah 26-1197 dated 1/13/06. Please discard the previous copy dated 12/29/05.

Please accept this letter as ConocoPhillips' written request for confidential treatment of all information contained in and pertaining to this permit application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jean Semborski".

Jean Semborski
Construction/Asset Integrity Supervisor

cc: Mr. Eric Jones, BLM, Moab, Utah
Mr. John Albert, Chevron
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Debbie Marberry, ConocoPhillips
Mr. Kile Thompson, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
Mr. Ed Bonner, SITLA
ConocoPhillips Well File

RECEIVED

JAN 18 2006

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

| | | | | | |
|--|--|--|--|---|--|
| APPLICATION FOR PERMIT TO DRILL | | | | 5. MINERAL LEASE NO: ML- 48235 | 6. SURFACE: State |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | | 8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X | |
| 2. NAME OF OPERATOR: ConocoPhillips Company | | | | 9. WELL NAME and NUMBER: Utah 26-1197 | |
| 3. ADDRESS OF OPERATOR: P.O. Box 851 CITY Price STATE UT ZIP 84501 | | | PHONE NUMBER: (435) 613-9777 | | 10. FIELD AND POOL, OR WILDCAT: Drunkards Wash |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2315' FNL, 919' FWL AT PROPOSED PRODUCING ZONE: Same as Surface | | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 26 15S 9E | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6.8 miles southwest of Price, Utah | | | | 12. COUNTY: Carbon | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 919 feet | | 16. NUMBER OF ACRES IN LEASE: 600 acres | | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1300 feet | | 19. PROPOSED DEPTH: 2,710 | | 20. BOND DESCRIPTION: Rotary | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5991.1' GR | | 22. APPROXIMATE DATE WORK WILL START: 2/1/2005 | | 23. ESTIMATED DURATION: | |

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | | | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT | | | |
|--------------|---|------|-----------|---------------|---|--------------------------|----------------|----------|
| 15" | 12 3/4" | H 40 | 40.5 #/FT | 40 | | | | |
| 11" | 8 5/8" | J-55 | 24#/ft | 400 | 170 sks G+2% CaCl | 1.18 cu.ft./sk | 15.6 ppg | |
| 7 7/8" | 5 1/2" | N-80 | 17#/ft | 2,700 | 110sks Std Cement+ | 10% CalSeal | 1.61 cu.ft./sk | 14.2 ppg |
| | | | | | 200sks 50/50 POZ+8 | % Bent+10% Cal Seal 1/4# | /sk | 2.5 ppg |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|---|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> COMPLETE DRILLING PLAN <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |
|--|---|

NAME (PLEASE PRINT) Jean Semborski TITLE Construction/Asset Integrity Supervisor
 SIGNATURE *Jean Semborski* DATE 1/13/06

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31108

**Approved by the
Utah Division of
Oil, Gas and Mining**

APPROVAL: *[Signature]*
 Date: 01-13-06
 By: *[Signature]*
 (See Instructions on Reverse Side)

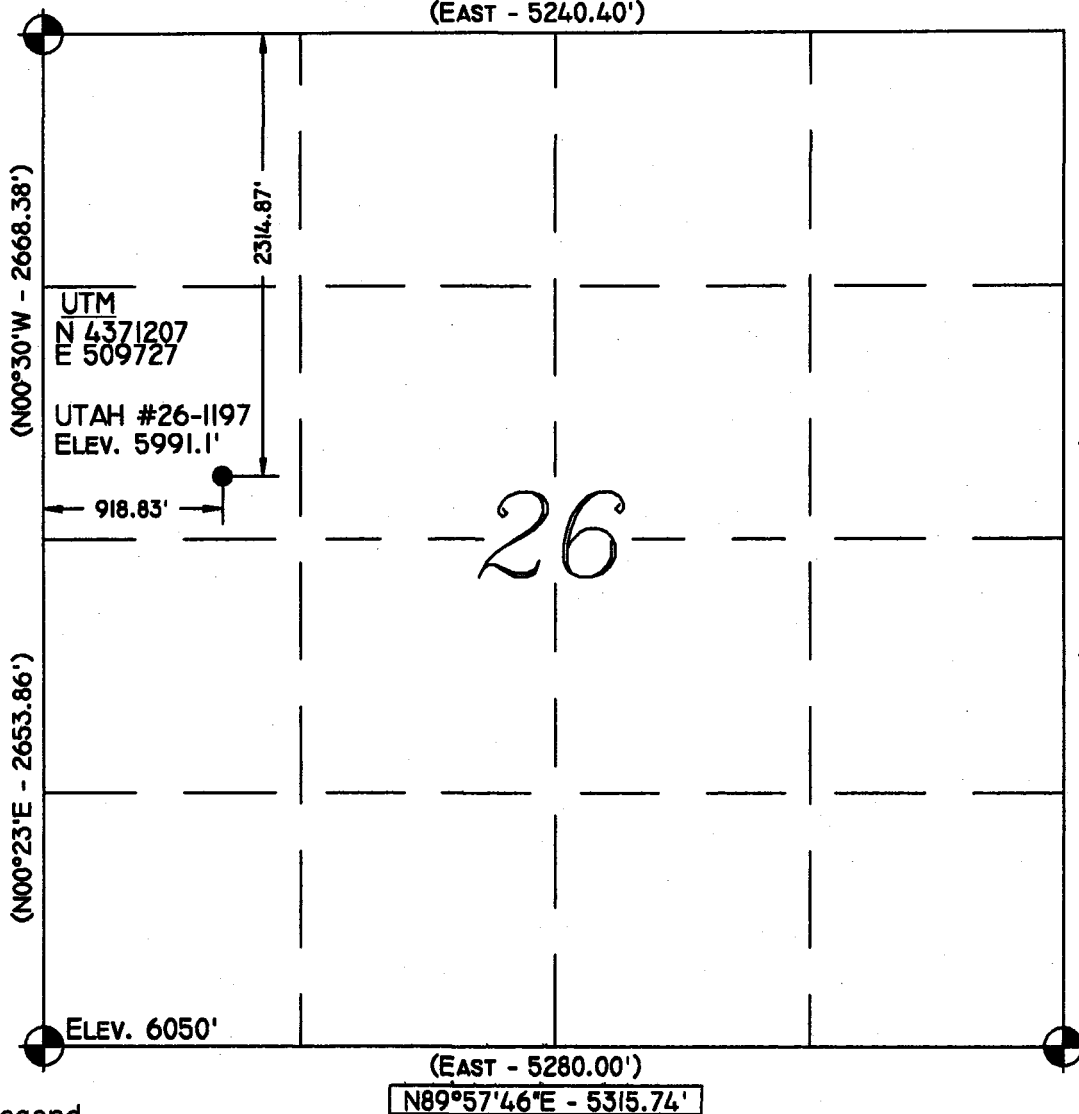
RECEIVED
JAN 18 2006

DIV. OF OIL, GAS & MINING

Township 15 South

Range 9 East

(EAST - 5240.40')



Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°29'32.278\"N
110°53'12.779\"W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

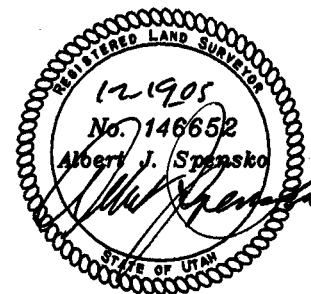
Basis of Elevation of 6050' being at the Southwest Section Corner of Section 26, Township 15 South, Range 9 East, Salt Lake Base and Meridian, as shown on the Poison Spring Bench Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 NW/4 of Section 26, T15S, R9E, S.L.B.&M., being 2314.87' South and 918.83' East from the Northwest Section Corner of Section 26, T15S, R9E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@otr.net

ConocoPhillips Company

WELL UTAH #26-1197

Section 26, T15S, R9E, S.L.B.&M.

Carbon County, Utah

| | |
|---------------------------|------------------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J./A.J.S. |
| Drawing No. A-1 | Date: 12/19/05 |
| | Scale: 1" = 1000' |
| Sheet 1 of 4 | Job No. 2128 |

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips Company
Utah 26-1197
SW/4, NW/4, Sec.26, T15S, R9E, SLB & M
215' FNL, 919' FWL
Carbon County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 2196'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 2228' - 2344'

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits.

All indications of usable water will be reported.

Surface casing will be tested to 500 psi and Production casing tested to 1500 psi with a minimum of 1 psi/ft of the last casing string depth

4. The Proposed Casing and Cementing Programs

| Hole Size | Casing Size | Wt/Ft | Grade | Joint | Depth set |
|-----------|-------------|-------|-------|-------|---------------|
| 14 3/4" | 12 3/4" | 40.5 | H-40 | ST&C | 0-50' |
| 11" | 8 5/8" | 24.0 | J-55 | ST&C | 0-400' |
| 7 7/8" | 5 1/2" | 17.0 | N-80 | LT&C | <u>0-2700</u> |

Cementing Program

The 8 5/8" surface casing will be set with approximately 170 sacks Class G or Type V cement with 2% CaCl_2 mixed at 15.6 ppg (yield = $1.18 \text{ ft}^3/\text{sx}$). The cement will be circulated back to surface with 100% excess.

The 5 1/2" production casing will be set and cemented using a two stage cementing process. This entails setting casing to total TD and running a DV tool to approximately 300' of the top of the Ferron.

The 1st Stage of cement will then be pumped to approximately 50' from the DV tool. After cement is pumped, the cement cap will be removed and a wiper plug installed. The cement cap will then be screwed back on and a wiper plug will be displaced to TD. The cement cap will be removed and the DV tool bomb will be dropped followed by the 2nd Stage wiper plug. (This is done to open the DV tool and establish circulation.) Once circulation is established, circulation will continue at approximately 1 bpm for 4 hours while waiting on cement (WOC). WOC at a minimum of 4 hours before beginning 2nd stage cement job. After the 2nd Stage has been pumped, a top wiper plug will be dropped and displaced with water (or water spacer and mud). Shut in well and WOC.

The 5 1/2" production casing will be set with approximately 110 sacks of Standard Cement, 10% Cal Seal 60 (accelerator), 1% Calcium Chloride (accelerator), 1/4 lbm/sk Flocele (lost circulation additive) with a yield of $1.61 \text{ ft}^3/\text{sx}$ at 14.2 ppg; calculated with an excess of 35% for the 1st Stage. For the 2nd stage, approximately 200 sx of 50/50 POZ Premium cement, 8% Bentonite (light weight additive), 10% Cal Seal 60 (accelerator), 1/4 lbm/sk Flocele (lost circulation additive) with a yield of $1.98 \text{ ft}^3/\text{sx}$ at 12.5 ppg; calculated with an excess of 30% for the 2nd Stage.

The above cement volumes are approximate and are calculated under the assumption that a gauge hole will be achieved. If the cement does not return to surface, a cement bond log will be run to determine the top of cement. In the case where the cement is below the surface casing shoe, the casing will be perforated and squeeze cemented to the surface. If the cement is above the surface casing shoe, cement will be one-inched to the surface.

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOPE will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

| | | |
|--------|-------------|--|
| 0-400 | 11" hole | Drill with air, will mud-up if necessary. |
| 400-TD | 7 7/8" hole | Drill with air, will mud-up if necessary. 400 psi @ 1400-1600 cfm |

7. The Testing, Logging and Coring Programs are as followed

400-TD Gamma Ray, Neutron Porosity, CBL

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is about 1191 psi max., however due to offset production pressures may be much lower. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled around February 1, 2005

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

SURFACE USE PLAN

Attached to Form 3
ConocoPhillips Company
Utah 26-1197
SW/4, NW/4, Sec.26, T15S, R9E, SLB & M
215' FNL, 919' FWL
Carbon County, Utah

1. Existing Roads

- a. We do not plan to change, alter or improve upon any existing state or county roads.
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 1,050' of new access is required (Refer to Drawing L-1)

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 10%
- c. Turnouts: None
- d. Drainage design: 3 culverts may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and power lines will follow the proposed access road.

3. Location of Existing Wells

- a. Refer to Drawing L-1.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will be as shown on Exhibit "H". Buried powerlines run along access on the east and north, gathering lines on the south or west.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be purchased from the Price River Water Improvement District (a local source of municipal water) (tel. 435-637-6350).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. As the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from the pit and the pit back-filled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of one trailer to be located on the drill site.

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of mud tanks, reserve and berm pits, and soil stockpiles will be located as shown on the attachments.
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the pit. The pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Drawing A-2 and L-1.
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

11. Surface Ownership:

- a. The wellsite and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration. The operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 3 Miles Northeast.
- b. Nearest live water is the Price River located 1 mile North.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. Company Representative

Jean Semborski
Construction/Asset Integrity Supervisor
ConocoPhillips Company
P.O. Box 851
6825 South 5300 West
Price, Utah 84501
(435) 613-9777
(435) 820-9807

Mail Approved A.P.D. To:
Company Representative

Excavation Contractor

Larry Jensen, Vice President
Nelco Contractors Inc.
Vice President
(435) 637-3495
(435) 636-5268

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by ConocoPhillips Company and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

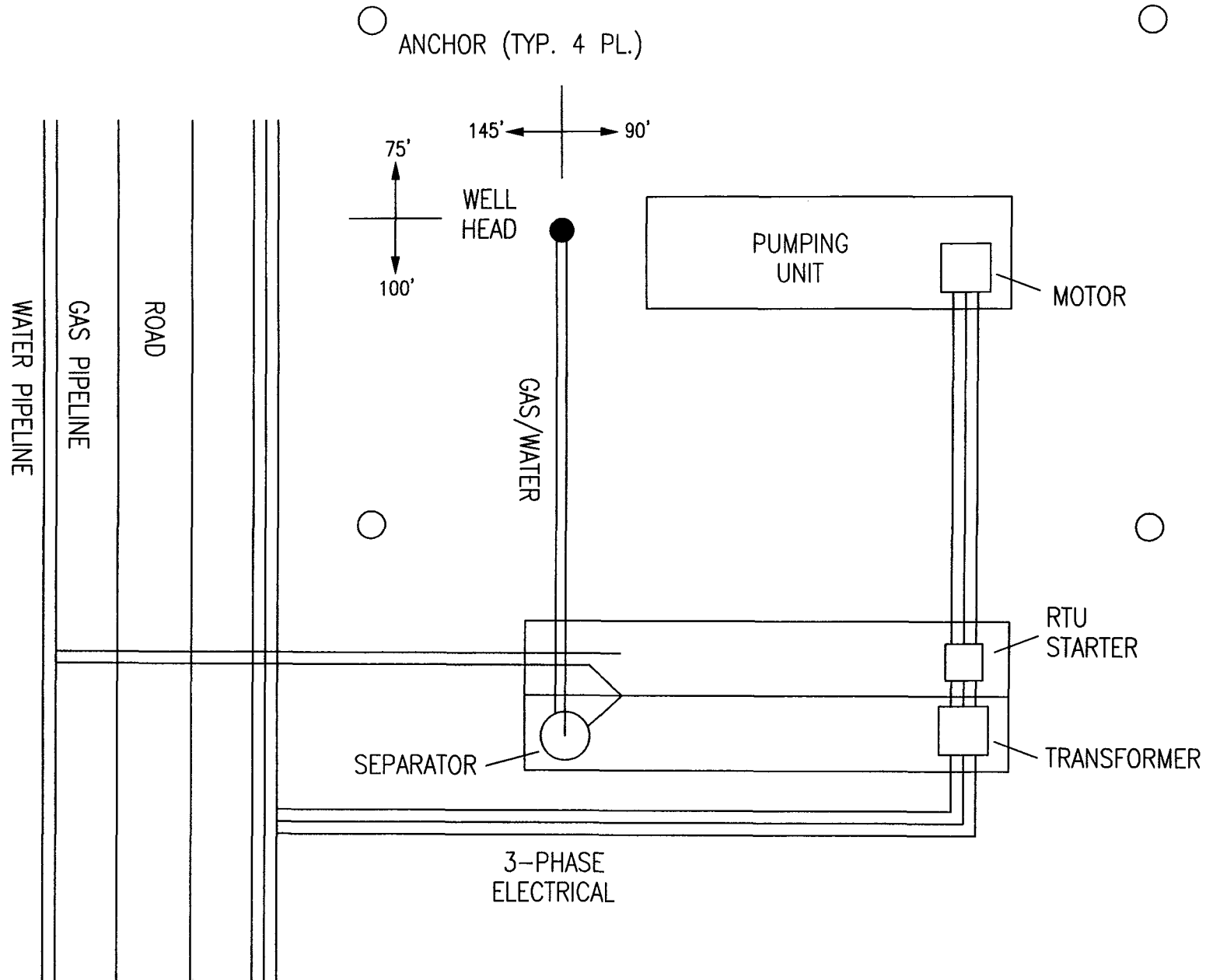
12/29/05
Date



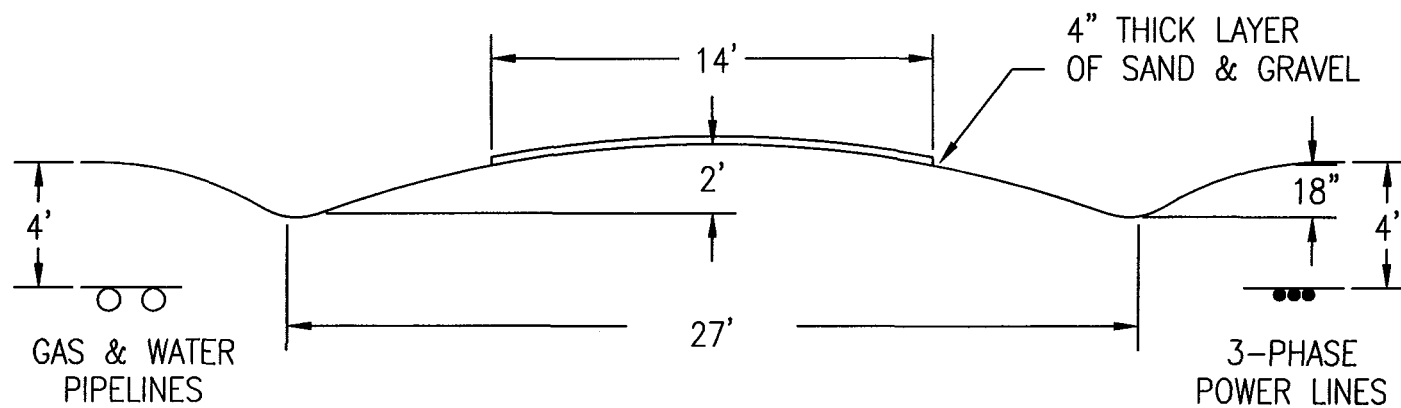
Jean Semborski
Construction/Asset Integrity Supervisor
ConocoPhillips Company

CONOCOPHILLIPS COMPANY

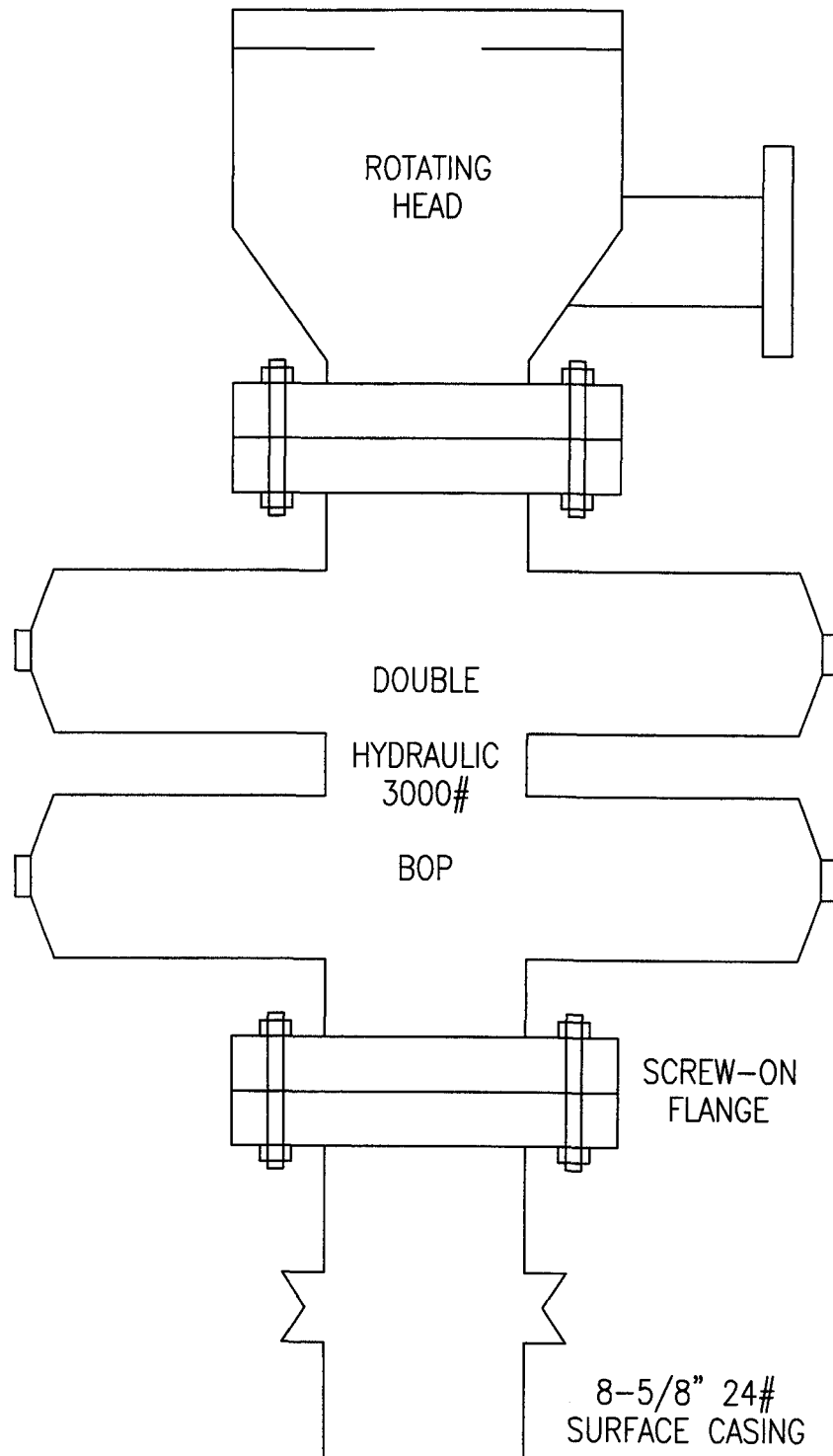
WELL SITE LAYOUT (235' x 175')



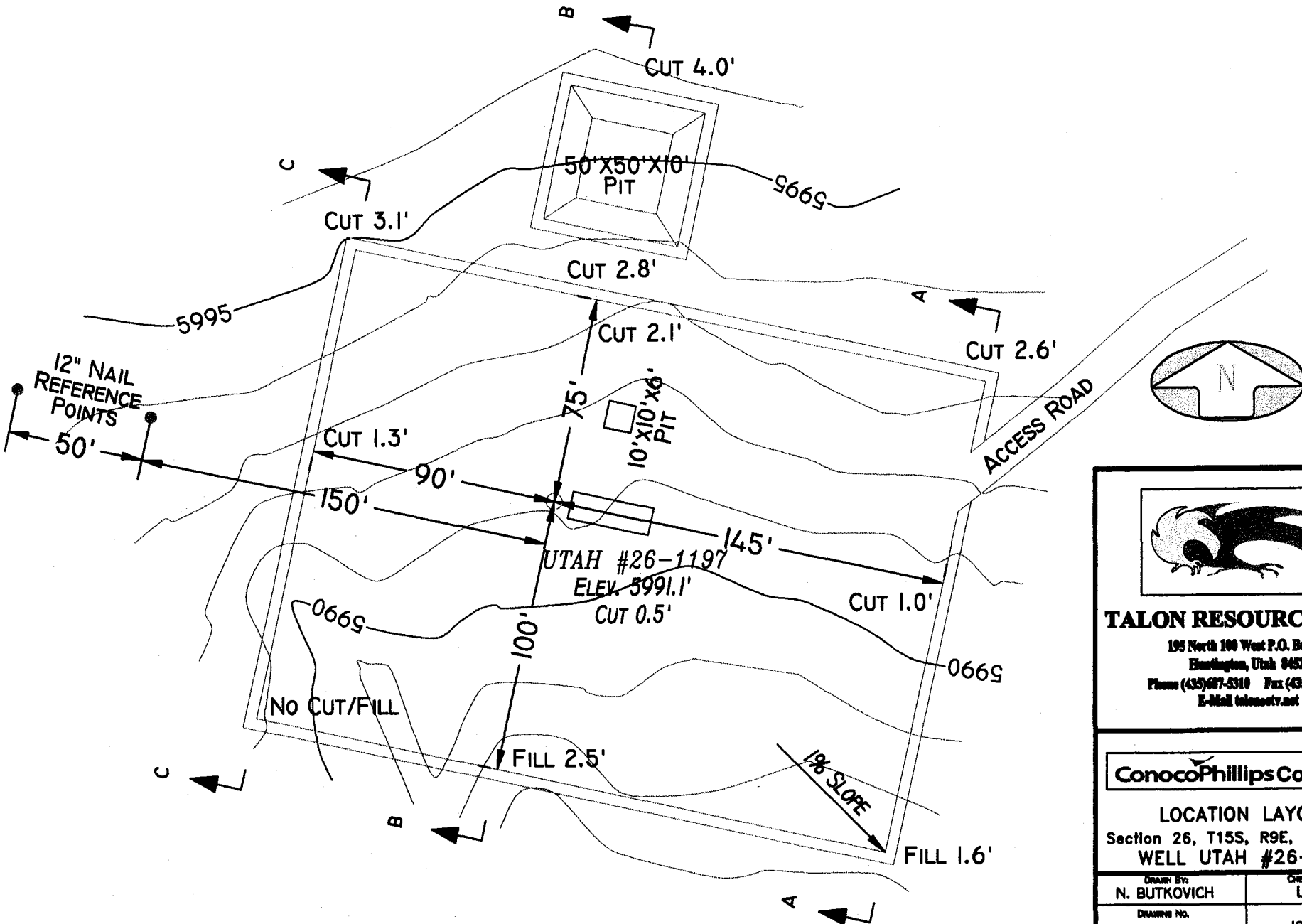
TYPICAL ROAD CROSS-SECTION
CONOCOPHILLIPS COMPANY



DIVERTER HEAD
CONOCOPHILLIPS COMPANY



ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 5991.1'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 5990.6'



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84520

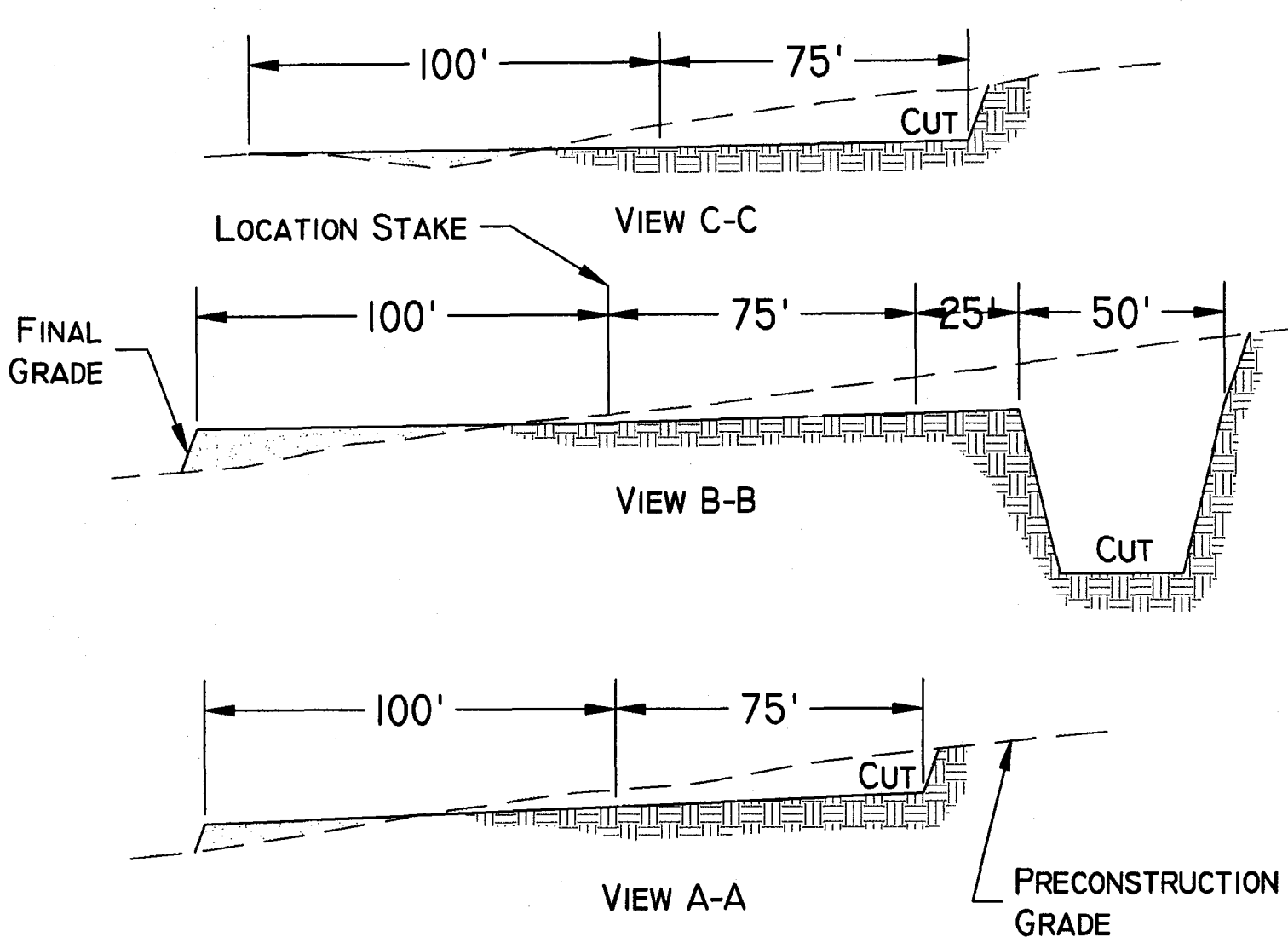
Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@trv.net

ConocoPhillips Company

LOCATION LAYOUT

Section 26, T15S, R9E, S.L.B.&M.
WELL UTAH #26-1197

| | |
|---------------------------|-----------------------|
| DRAWN BY: N. BUTKOVICH | CHECKED BY: L.W.J. |
| DRAWING NO. A-2 | DATE: 12/15/05 |
| | SCALE: 1" = 50' |
| SHEET 2 of 4 | JOB NO. 2128 |



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528

Phone (435) 687-5310 Fax (435) 687-5311
E-Mail talonco@net

ConocoPhillips Company

TYPICAL CROSS SECTION
Section 26, T15S, R9E, S.L.B.&M.
WELL UTAH #26-1197

| | |
|---------------------------|-----------------------|
| DRAWN BY: N. BUTKOVICH | CHECKED BY: L.W.J. |
| DRAWING No. C-1 | DATE: 12/15/05 |
| | SCALE: 1" = 40' |
| SHEET 3 OF 4 | JOB No. 2128 |

APPROXIMATE YARDAGES

CUT

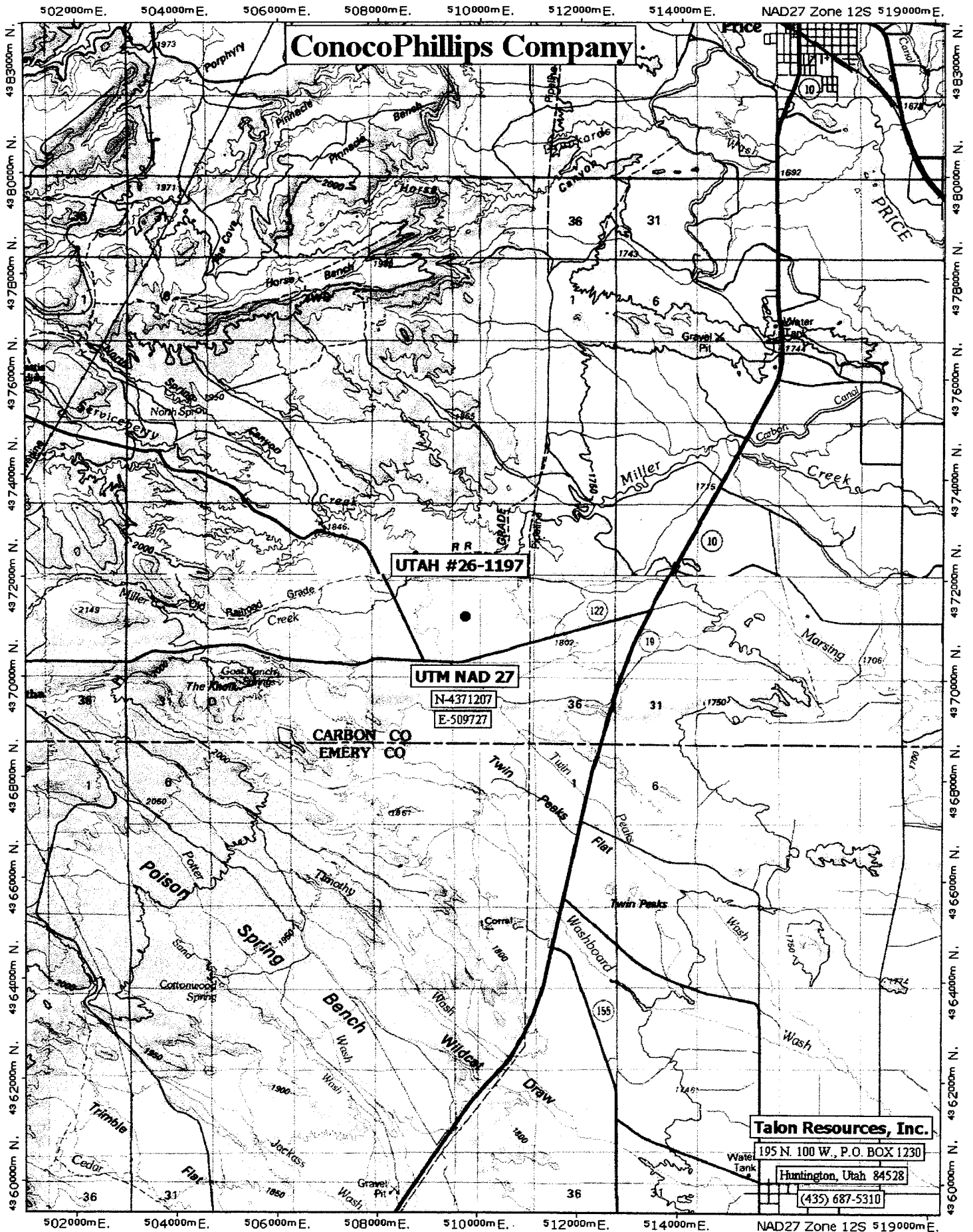
(6") TOPSOIL STRIPPING = 810 CU. YDS.

REMAINING LOCATION = 2,305 CU. YDS.

(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 3,055 CU. YDS.

TOTAL FILL = 615 CU. YDS.

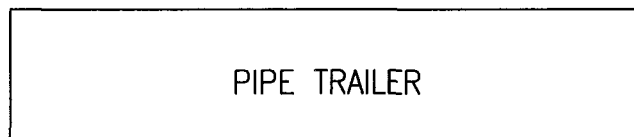


APPROXIMATE LAYOUT OF RIG & EQUIPMENT



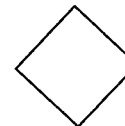
LIGHT
PLANT

40'

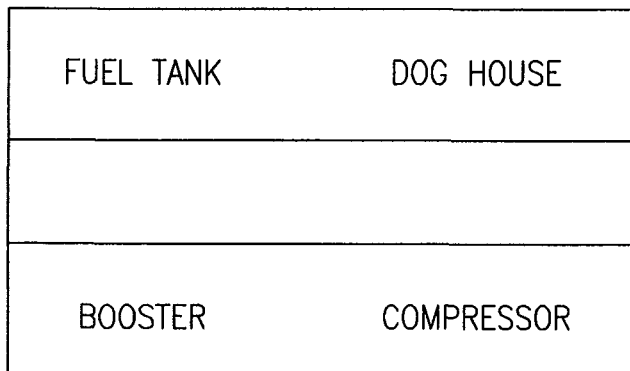


PIPE TRAILER

LIGHT
PLANT



40'

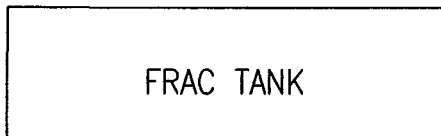


FUEL TANK

DOG HOUSE

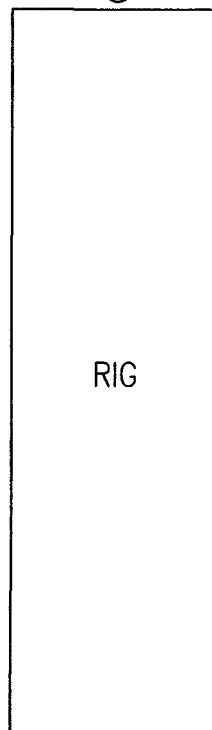
BOOSTER

COMPRESSOR



FRAC TANK

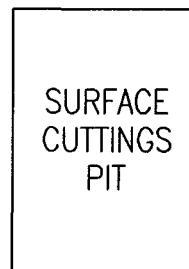
HOLE



RIG

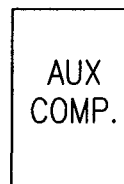
45'

8'

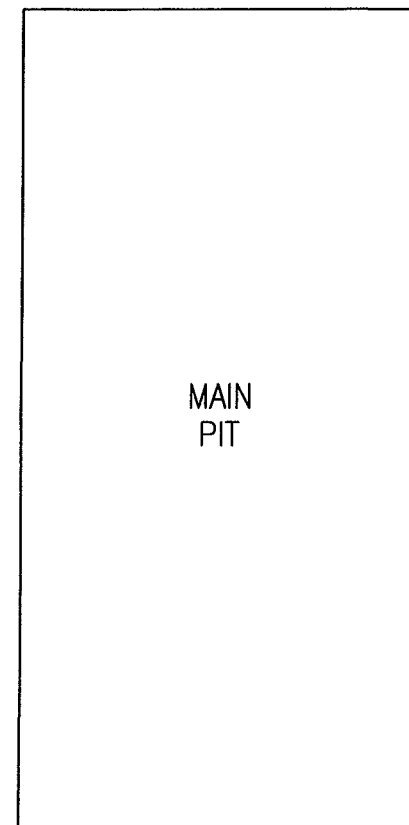


SURFACE
CUTTINGS
PIT

20'



AUX
COMP.



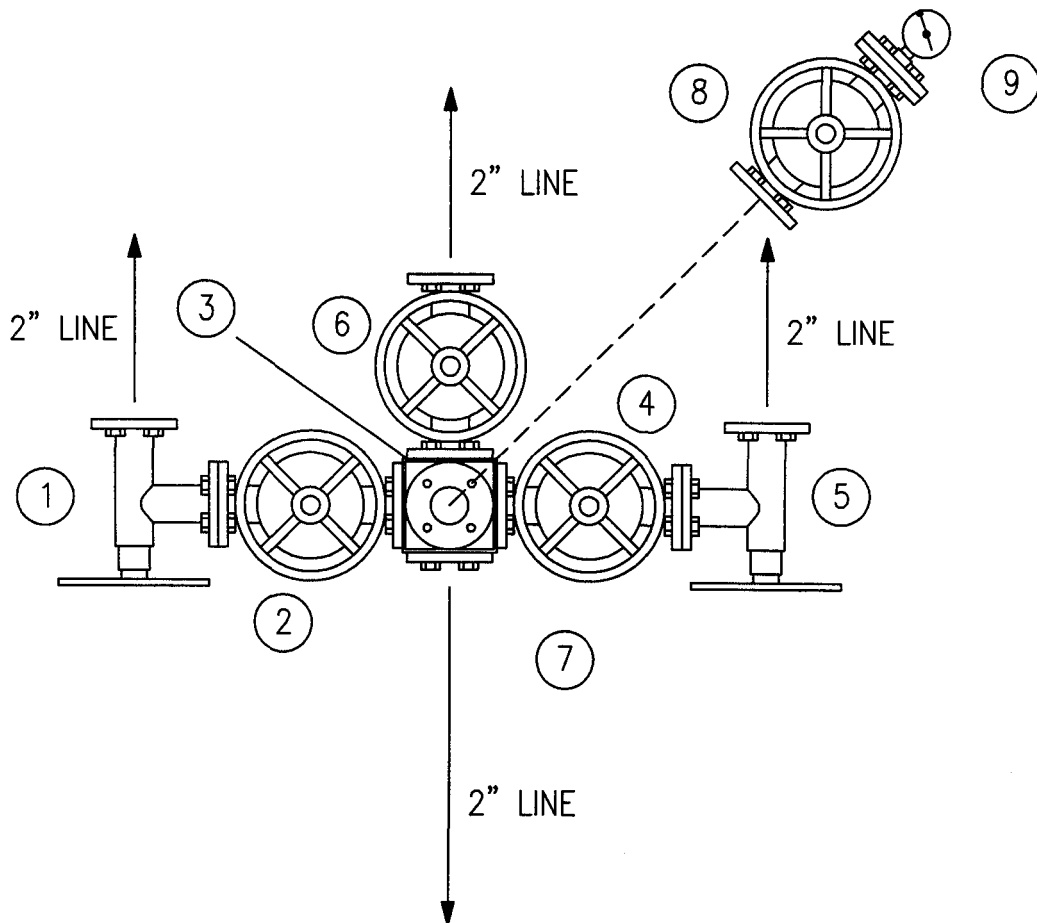
MAIN
PIT

CONOCOPHILLIPS COMPANY

- (1) 2" 5M FLANGED CHOKE
- (2) 2" 5M GATE VALVE (FLANGED)
- (3) 2" 5M STUDDED CROSS
- (4) 2" 5M GATE VALVE (FLANGED)
- (5) 2" 5M FLANGED CHOKE
- (6) 2" 5M GATE VALVE (FLANGED)
- (7) 2" LINE
- (8) 2" 5M GATE VALVE (FLANGED)
- (9) 3000# GAUGE

NOTE:

NUMBER 8 GATE VALVE SITS ON TOP OF MANIFOLD BETWEEN STUDDED CROSS AND 3000# GAUGE.



TO BOP
AND A NEW 2" BALL VALVE
FULL OPEN 5000 PSI

MANIFOLD

EXHIBIT H

Bond No. 6196922

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) CONOCOPHILLIPS COMPANY
and _____ as Principal,

(surety name) SAFECO INSURANCE COMPANY OF AMERICA
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

EIGHTY THOUSAND AND NO/100***** dollars (\$ 80,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening, repairing, operating and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

X Blanket Bond: To cover all wells drilled in the State of Utah

Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

30th day of Dec, 20 02.

(Corporate or Notary Seal here)

Attestee: [Signature] Date: 12-30-02

CONOCOPHILLIPS COMPANY
Principal (company name)
By James F. Hughes Title Corporate Insurance Manager
Name (print) Signature
James F. Hughes

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal to be affixed this

1ST day of JANUARY, 20 03.

(Corporate or Notary Seal here)

Attestee: Carolyn E. Wheeler Date: 12/20/2002

CAROLYN E. WHEELER
NOTARY PUBLIC
MY COMMISSION EXPIRES: NOVEMBER 1, 2006
(5/2002)

SAFECO INSURANCE COMPANY OF AMERICA
Surety Company (Attach Power of Attorney)
By JINA MARIE FOSTER Title ATTORNEY-IN-FACT
Name (print) Signature
Jina Marie Foster
C/O MARSH USA INC.
Surety Mailing Address
P.O. BOX 36012, KNOXVILLE, TN 37930-6012
City State Zip

From: Ed Bonner
To: Whitney, Diana
Date: 2/28/2006 4:02:30 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

ConocoPhillips Company

Utah 26-1198
Utah 26-1197
Utah 13-1167
Utah 11-1157
Utah 11-1159
Utah 11-1158
Utah 07-1230
Utah 07-1229
Utah 06-1228
Utah 35-1080
Utah 26-1055

Questar Exploration & Production

BZ 10ML-16-8-24
BZ 12ML-16-8-24
BZ 14ML-16-8-24

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 1, 2006

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: Utah 26-1197 Well, 2315' FNL, 919' FWL, SW NW, Sec. 26, T. 15 South,
R. 9 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31108.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor
SITLA
Bureau of Land Management, Moab District Office

Operator: ConocoPhillips Company
Well Name & Number Utah 26-1197
API Number: 43-007-31108
Lease: ML-48235

Location: SW NW Sec. 26 T. 15 South R. 9 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

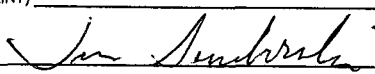
| | | |
|---|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: Fee |
| 2. NAME OF OPERATOR: ConocoPhillips Company | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA |
| 3. ADDRESS OF OPERATOR: P.O. Box 851 CITY Price STATE UT ZIP 84501 | | 7. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X |
| PHONE NUMBER: (435) 613-9777 | | 8. WELL NAME and NUMBER: Utah 26-1197 |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2315' FNL, 919' FWL | | 9. API NUMBER: 4300731108 |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 26 15S R09 E | | 10. FIELD AND POOL, OR WILDCAT: Drunkards Wash |
| COUNTY: Carbon | | STATE: UTAH |

| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | | |
|--|--|---|--|
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
| <input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> OTHER: _____ |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

ConocoPhillips proposes to construct a road, pipelines, power line to the Utah 26-1197 location from the Utah 26-1198 location. The road, pipeline, powerline corridor will be about 2300 feet in length. Attached is a revised drawing depicting this change. Please replace Drawing L-1 in the permit on file with the revised map.

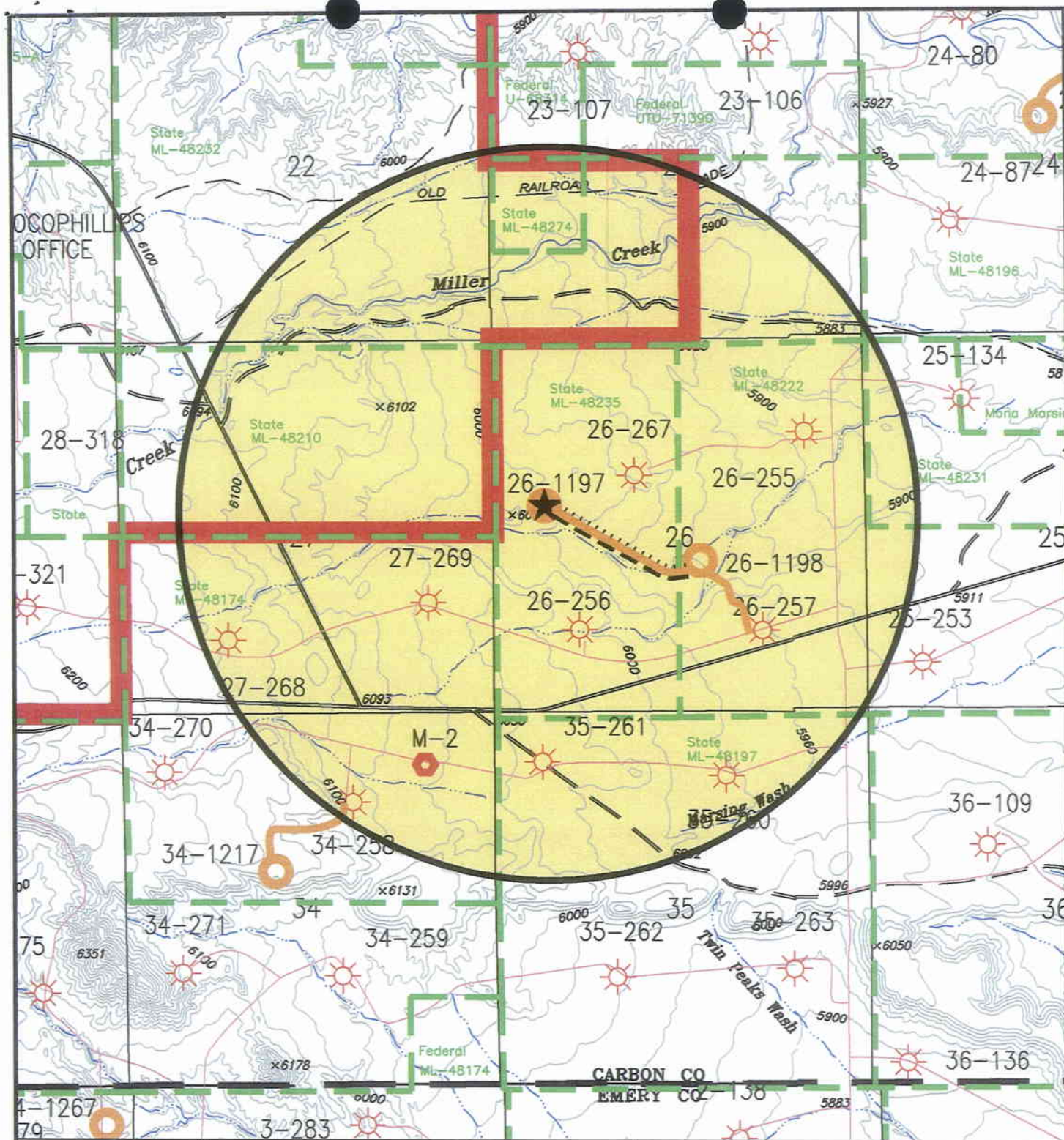
Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

| | |
|---|---|
| NAME (PLEASE PRINT) Jean Semborski | TITLE Construction/Asset Integrity Supervisor |
| SIGNATURE  | DATE 3/15/2006 |

(This space for State use only)

RECEIVED

MAR 22 2006



LEGEND

Proposed Well Location:
 Other Proposed Well Locations:
 Proposed Powerline:
 Proposed Pipeline:
 Proposed Roads:
 Lease Boundary:
 Existing Wells:



March 10, 2006

Scale: 1" = 2000'

December 15, 2005

ConocoPhillips Company

6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782

**ConocoPhillips
 Company**

WELL UTAH #26-1197
Section 26, T15S, R9E, S.L.B.&M.
Drawing L-1 4 of 4

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

| | | |
|---|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: Fee |
| 2. NAME OF OPERATOR: ConocoPhillips Company | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A |
| 3. ADDRESS OF OPERATOR: P.O. Box 51810 CITY Midland STATE Tx ZIP 79710-1810 | | 7. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X |
| PHONE NUMBER: (432) 688-6943 | | 8. WELL NAME and NUMBER: Utah 26-1197 |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2315' FNL & 919' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 26 15S 9E | | 9. API NUMBER: 4300731108 |
| | | 10. FIELD AND POOL, OR WILDCAT: Drunkards Wash |
| | | COUNTY: Carbon |
| | | STATE: UTAH |

| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | | |
|---|--|---|--|
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 6/15/2006 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> OTHER: _____ |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

As per our conversation with Dustin Doucet, ConocoPhillips is proposing the following changes to the cement program as it pertains to the 5 1/2" casing. We are respectfully requesting to pump a single stage cement job instead of the 2 stage w/DV tool. It is our intent to lead with 103 sxs standard cement (4.14 ft3/sx at 10.5 ppg) and tail w/106 sxs 50/50 Poz premium (1.74 ft3 sxs at 13.5 ppg). All additives previously submitted and approved will remain the same. All other conditions of approval will remain the same.

COPY SENT TO OPERATOR
Date: 6/19/06
Initials: CWO

NAME (PLEASE PRINT) Donna Williams TITLE Sr. Regulatory Specialist
SIGNATURE DATE 5/18/2006

(This space for State use only)

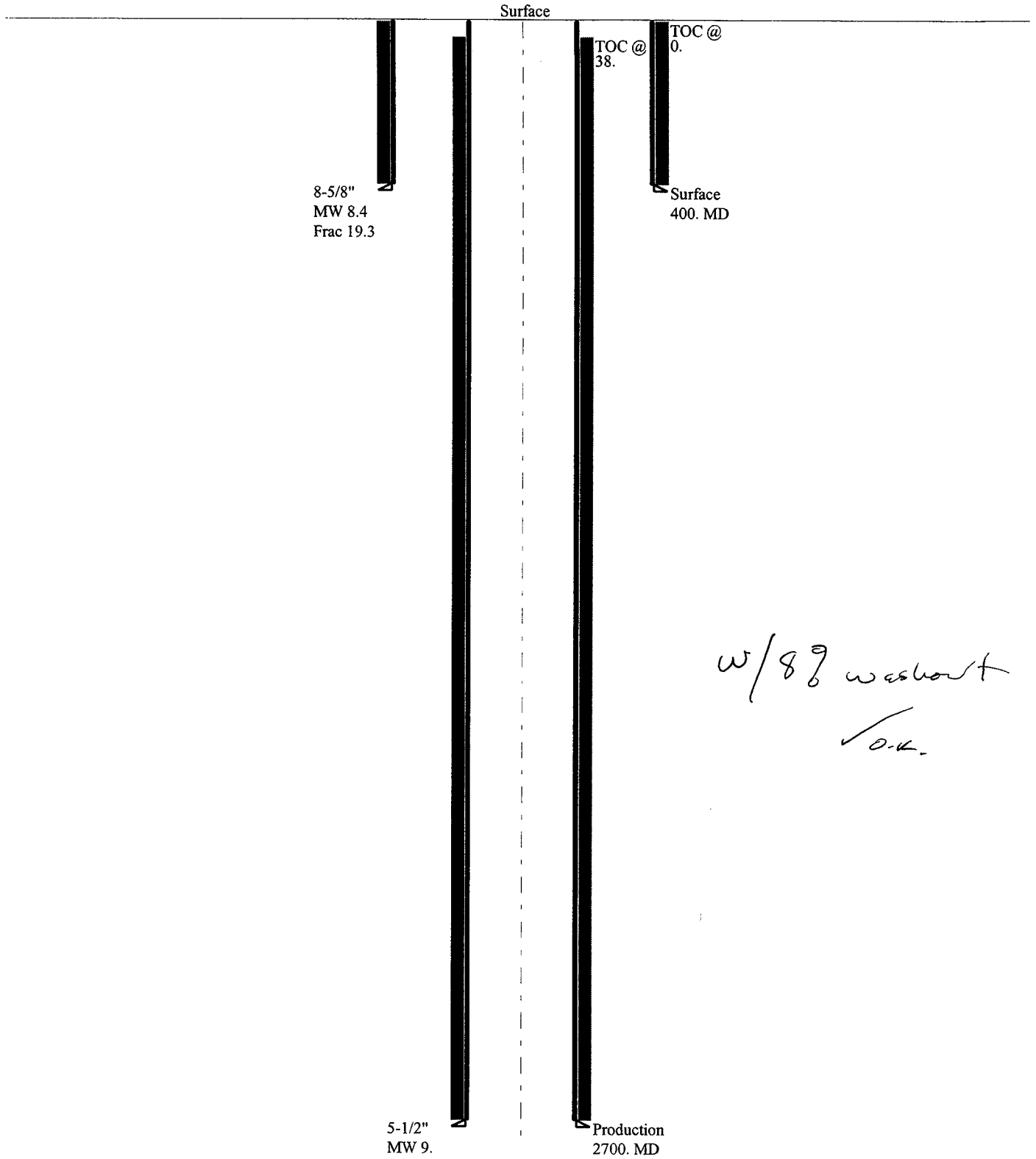
APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 5/22/06 (See Instructions on Reverse Side)
BY: [Signature]

(5/2000)

RECEIVED
MAY 19 2006
DIV. OF OIL, GAS & MINING

02-06 ConocoPhillips Utah 26-1197
Casing Schematic



CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

| | | |
|---|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-48235 |
| 2. NAME OF OPERATOR: ConocoPhillips Company | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A |
| 3. ADDRESS OF OPERATOR: P. O. Box 51810 CITY Midland STATE TX ZIP 79710-1810 | | 7. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2315' FNL & 919' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 26 15S 9E | | 8. WELL NAME and NUMBER: Utah 26-1197 |
| PHONE NUMBER: (432) 688-6943 | | 9. API NUMBER: 4300731108 |
| COUNTY: Carbon | | 10. FIELD AND POOL, OR WILDCAT: Drunkards Wash |
| STATE: UTAH | | |

| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | | |
|--|---|---|---|
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 3/1/2007 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: Permit Renewal |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

ConocoPhillips Company respectfully requests that the approval of the Application for Permit to Drill for the referenced well be extended. The current approval will expire on March 1, 2007.

The location has been built for this well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 02-21-07
By: [Signature]

2-22-07
RM

| | |
|------------------------------------|------------------------------|
| NAME (PLEASE PRINT) Donna Williams | TITLE Sr. Regulatory Analyst |
| SIGNATURE [Signature] | DATE 2/12/2007 |

(This space for State use only)

RECEIVED
FEB 15 2007
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-31108
Well Name: Utah 26-1197
Location: SW/4 NW/4 Section 26, T15S, R9E
Company Permit Issued to: ConocoPhillips Company
Date Original Permit Issued: 3/1/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

2-12-07
Date

Title: Sr. Regulatory Analyst

Representing: ConocoPhillips Company

RECEIVED

FEB 15 2007

DIV. OF OIL, GAS & MINING

RECEIVED

FEB 07 2007

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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| | | |
|---|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-48235 |
| 2. NAME OF OPERATOR: ConocoPhillips Company | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A |
| 3. ADDRESS OF OPERATOR: P. O. Box 51810 CITY Midland STATE TX ZIP 79710-1810 | | 7. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 2315' FNL & 919' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 26 15S 9E | | 8. WELL NAME and NUMBER: Utah 26-1197 |
| PHONE NUMBER: (432) 688-6943 | | 9. API NUMBER: 4300731108 |
| COUNTY: Carbon | | 10. FIELD AND POOL, OR WILDCAT: Drunkards Wash |
| STATE: UTAH | | |

| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | | |
|---|---|---|---|
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 2/21/2008 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: Permit Renewal |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

ConocoPhillips Company respectfully requests that the approval of the Application for Permit to Drill for the referenced well be extended. The current approval will expire on February 21, 2008.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-23-08

By: [Signature]

COPY SENT TO OPERATOR

Date: 1-24-2008

Initials: KS

| | |
|------------------------------------|---------------------------------|
| NAME (PLEASE PRINT) Donna Williams | TITLE Sr. Regulatory Specialist |
| SIGNATURE [Signature] | DATE 1/17/2008 |

(This space for State use only)

RECEIVED

JAN 23 2008

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-31108
Well Name: Utah 26-1197
Location: SWNW Sec 26, T15S, R9E, Carbon Co.
Company Permit Issued to: ConocoPhillips Company
Date Original Permit Issued: 3/1/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

1/17/2008

Date

Title: Sr. Regulatory Specialist

Representing: ConocoPhillips Company

RECEIVED

JAN 23 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 2, 2009

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: APD Rescinded – Utah 26-1197, Sec. 26, T. 15S, R. 9E
Carbon County, Utah API No. 43-007-31108

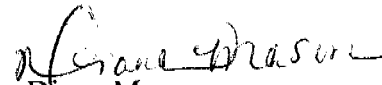
Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 1, 2006. On February 21, 2007 and January 23, 2008 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 2, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

